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## 1980-81

VOLUME III—TRUST FUNDS, CROWN CORPORATIONS  
AND AGENCIES

Ministry of Finance



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Province of British Columbia

# Public Accounts of British Columbia

For the fiscal year ended March 31  
1981

**VOLUME III—TRUST FUNDS, CROWN CORPORATIONS  
AND AGENCIES**

HON. HUGH A. CURTIS  
*Minister of Finance*

British Columbia Cataloguing in Publication Data

British Columbia. Ministry of Finance.

Public accounts of British Columbia. -- 1977/78-

Annual.

Continues: British Columbia. Ministry of Finance.

Public accounts. ISSN 0382-2001

Report year ends March 31.

Vols. for 1978/79-1979/80 issued in 2 v.: v. 1.

Financial statements -- v. 2. Schedules of payments.

Vols. for 1980/81- issued in 3 v.: v. 1. Financial

statements -- v. 2. Schedule of payments -- v. 3.

Trust funds, crown corporations and agencies.

ISSN 0382-2001 = Public accounts of British  
Columbia.

1. Finance, Public - British Columbia - Accounting -  
Periodicals. I. Title.

HJ13.B75

354.7110072'31'05

Available to the General Public from:

QUEEN'S PRINTER

506 Government Street

Victoria, B.C.

V8V 4R6

PRICE

Volume I, II, or III ..... \$10.00 each

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## SECTION F

# FINANCIAL STATEMENTS OF CROWN CORPORATIONS AND OTHER GOVERNMENT AGENCIES

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## BRITISH COLUMBIA ASSESSMENT AUTHORITY



Province of  
British Columbia

Office of the  
Auditor General  
Province of British Columbia

8 Bastion Square  
Victoria  
British Columbia  
V8V 1X4

## AUDITOR'S REPORT

To the Chairman and Members of the Board of Directors of the  
British Columbia Assessment Authority, and

To the Minister of Finance  
Province of British Columbia

I have examined the statement of financial position of the  
British Columbia Assessment Authority as at 31 December 1980  
and the statement of revenue, expenditure and unappropriated  
surplus for the year then ended. My examination was made in  
accordance with generally accepted auditing standards, and  
accordingly included such tests and other procedures as I  
considered necessary in the circumstances.

In my opinion, these financial statements present fairly the  
financial position of the Authority as at 31 December 1980  
and the results of its operations for the year then ended in  
accordance with generally accepted accounting principles, as  
modified by note 1 to the financial statements, applied on a  
basis consistent with that of the preceding year.

A handwritten signature in cursive script, reading "Erma Morrison".

Erma Morrison, C.A.  
Auditor General

Victoria, British Columbia  
27 March 1981

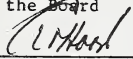
## BRITISH COLUMBIA ASSESSMENT AUTHORITY

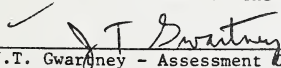
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 1980

	<u>1980</u>	<u>1979</u>
<u>ASSETS</u>		
Current Assets		
Cash and short-term deposits	\$ 2,746,471	\$ 3,543,400
Accounts receivable	376,876	362,568
Prepaid expenses	15,681	-
	<u>3,139,028</u>	<u>3,905,968</u>
Property & Equipment - at cost (Note 1)		
Land	178,000	178,000
Building	223,249	223,249
Furniture & Equipment	1,568,901	1,397,247
Motor Vehicles	741,530	709,621
	<u>2,711,680</u>	<u>2,508,117</u>
	<u>\$ 5,850,708</u>	<u>\$ 6,414,085</u>
<u>LIABILITIES &amp; EQUITY</u>		
Current Liabilities		
Accounts payable & accrued charges	\$ 1,227,712	\$ 1,027,258
Equity		
Surplus		
Appropriated		
Employees' past benefits (Note 4)	264,542	238,077
1980 commitments (Note 5)	226,136	-
	<u>490,678</u>	<u>238,077</u>
Unappropriated	<u>1,420,638</u>	<u>2,640,633</u>
	<u>1,911,316</u>	<u>2,878,710</u>
Property & equipment	<u>2,711,680</u>	<u>2,508,117</u>
	<u>4,622,996</u>	<u>5,386,827</u>
	<u>\$ 5,850,708</u>	<u>\$ 6,414,085</u>

The five accompanying notes are an integral part of these financial statements.

Approved by the Board

  
A.O. Hood - Chairman of the Board

  
J.T. Gwatney - Assessment Commissioner

BRITISH COLUMBIA ASSESSMENT AUTHORITY  
STATEMENT OF REVENUE, EXPENDITURE & UNAPPROPRIATED SURPLUS  
FOR THE YEAR ENDED DECEMBER 31, 1980

<u>REVENUE</u>	<u>1980</u>	<u>1979</u>
Province of British Columbia Grants (Note 2)		
Operating	\$ 7,013,400	\$ 4,750,000
Capital	-	1,500,000
	<hr/> 7,013,400	<hr/> 6,250,000
Tax levies (Note 3)	17,574,593	17,900,318
Interest	399,657	385,826
Other	603,548	508,569
	<hr/> \$ 25,591,198	<hr/> \$ 25,044,713
	<hr/>	<hr/>
<u>EXPENDITURE</u>		
Salaries & fringe benefits	\$ 20,296,828	\$ 18,539,587
Directors' fees & expenses	58,670	54,660
Accommodation expense	1,668,730	1,386,017
Travel	1,110,246	989,163
Office	1,672,545	1,709,997
Professional & special services	1,501,757	1,085,180
Property & equipment (Note 1)	249,816	128,759
	<hr/> 26,558,592	<hr/> 23,893,363
	<hr/>	<hr/>
Excess (deficiency) of Revenue over Expenditure	(967,394)	1,151,350
Unappropriated surplus, beginning of year	2,640,633	1,527,360
	<hr/> 1,673,239	<hr/> 2,678,710
	<hr/>	<hr/>
Appropriations		
Employees' past benefits (Note 4)	26,465	38,077
1980 commitments (Note 5)	226,136	-
	<hr/> 252,601	<hr/> 38,077
	<hr/>	<hr/>
Unappropriated surplus, end of year	\$ 1,420,638	\$ 2,640,633
	<hr/>	<hr/>



BRITISH COLUMBIA ASSESSMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1980

1. Significant Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles, except that:

A. Property and equipment are charged to operations at the time of acquisition and concurrently are recorded as assets with a corresponding credit to equity. Upon disposal, the original cost of an asset is removed, and any proceeds are credited to operations. The Authority does not record depreciation expense.

B. No accrual for employee vacation pay is provided.

2. Province of British Columbia Grants

Commencing in 1980 the Authority is entitled to receive from the Province of British Columbia an operating grant determined by multiplying the Authority's operating costs for its immediately preceding fiscal year by a percentage fixed by order of the Lieutenant-Governor in Council.

3. Tax Levies

The Authority by by-law, and subject to the prior approval of the Lieutenant-Governor in Council, each year imposes and levies a tax upon all taxable property in the Province. A copy of this by-law is forwarded to the Tax Collector of every municipality in the Province and to the Surveyor of Taxes so that the taxes so levied will be placed on the tax rolls. The proceeds of the taxes so levied and collected by the municipalities or the Minister of Finance constitute the Authority's tax levies revenue.

Under Section 15(4) of the Assessment Authority Act, the Authority's annual tax levies are to be "at a rate sufficient to maintain the operating fund". The operating fund is defined under Section 15(3) as "the total amount required to meet the annual operating and capital expenses of the Authority". Section 15(4) further specifies that in determining the rate of taxation to be levied "the Authority shall take into account the amount of the annual operating grant".

Based on the above formula the mill rates levied on taxable properties in the Province of British Columbia were 1.295 for 1980 and 1.430 for 1979.

4. Employees' Past Benefits

Relevant to the formation of the British Columbia Assessment Authority, the Authority has negotiated an agreement with those designated employees whose previous working agreements contained clauses which called for payout of certain benefits upon the death, retirement or termination of the employee.

## BRITISH COLUMBIA ASSESSMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1980

Based on current salary rates, the employees' past benefit entitlements are estimated to be \$714,439 at December 31, 1980. Past benefit entitlements are charged as expenditures in the year they are paid.

5. Commitments

The Authority is committed to make the following rental payments during the next five years on buildings and equipment leased for periods of more than one year:

1981	-	\$931,560
1982	-	\$836,410
1983	-	\$687,899
1984	-	\$578,754
1985	-	\$200,662

In addition to the above, the Authority was committed as at December 31, 1980 to purchase of automobiles in the amount of \$226,136. This amount is recorded as an appropriation of surplus.

## BRITISH COLUMBIA BUILDINGS CORPORATION

## British Columbia Buildings Corporation

**Balance Sheet****March 31, 1981**

(with comparative figures for 1980)

	<b>\$000's</b>	
<b>Assets</b>	<b>1981</b>	<b>1980</b>
REAL ESTATE INVESTMENTS		
INCOME-PRODUCING PROPERTIES (Note 3)	<b>350,070</b>	320,578
INCOME-PRODUCING PROPERTIES UNDER		
CONSTRUCTION (Note 4)	<b>27,536</b>	26,002
LAND HELD FOR AND UNDER DEVELOPMENT (Note 5)	<b>10,570</b>	9,507
	<b>388,176</b>	356,087
PROPERTIES HELD FOR DISPOSITION (Note 6)	<b>41,721</b>	65,125
CORPORATE PROPERTIES AND EQUIPMENT (Note 7)	<b>4,752</b>	5,221
SINKING FUNDS	<b>5,757</b>	3,306
OTHER ASSETS (Note 8)	<b>15,637</b>	14,577
	<b>456,043</b>	444,316
<b>Liabilities and Equity</b>		
LONG-TERM DEBT (Note 9)	<b>155,386</b>	86,386
NOTES PAYABLE TO THE PROVINCE OF BRITISH COLUMBIA (Note 10)	<b>166,347</b>	203,985
OTHER LIABILITIES (Note 11)	<b>47,629</b>	51,510
CONTRIBUTIONS BY THE PROVINCE OF BRITISH COLUMBIA (Note 12)	<b>77,721</b>	93,475
RETAINED EARNINGS	<b>8,960</b>	8,960
	<b>456,043</b>	444,316
COMMITMENTS (Note 14)		

On Behalf of the Board:

George A. Rigby, Director

Dennis F. Truss, Director

*The accompanying notes are an integral part of these statements.***AUDITOR'S REPORT**To the Lieutenant Governor-in-Council  
Province of British Columbia.

We have examined the balance sheet of British Columbia Buildings Corporation as at March 31, 1981 and the statements of income, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of British Columbia Buildings Corporation as at March 31, 1981 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Peat, Marwick, Mitchell & Co.*

CHARTERED ACCOUNTANTS

Vancouver, British Columbia, Canada  
May 15, 1981.

## British Columbia Buildings Corporation

**Statement of Income**for the year ended March 31, 1981  
(with comparative figures for 1980)

	<b>\$000's</b>	
	<b>1981</b>	<b>1980</b>
REVENUE		
Rentals	<b>138,546</b>	117,324
Other income	<b>15,473</b>	19,562
	<b>154,019</b>	136,886
EXPENSES		
Operating and maintenance	<b>95,513</b>	86,583
Depreciation and amortization	<b>17,681</b>	16,742
General and administrative	<b>10,062</b>	8,021
	<b>123,256</b>	111,346
Net income before interest	<b>30,763</b>	25,540
Interest expense (Note 13)	<b>13,718</b>	7,198
NET INCOME	<b>17,045</b>	18,342

**Statement of Retained Earnings**for the year ended March 31, 1981  
(with comparative figures for 1980)

	<b>\$000's</b>	
	<b>1981</b>	<b>1980</b>
Balance, beginning of year	<b>8,960</b>	8,960
Net income	<b>17,045</b>	18,342
	<b>26,005</b>	27,302
Less dividend	<b>17,045</b>	18,342
Balance, end of year	<b>8,960</b>	8,960

The accompanying notes are an integral part of these statements.

## British Columbia Buildings Corporation

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**Statement of Changes in Financial Position**  
**for the year ended March 31, 1981**  
 (with comparative figures for 1980)
 

---

	<b>\$000's</b>	
<b>Financial Resources Were Provided By:</b>	<b>1981</b>	<b>1980</b>
Operations		
Net income	<b>17,045</b>	18,342
Charges not requiring current cash outlay		
Depreciation and amortization	<b>17,681</b>	16,742
Cash flow from operations	<b>34,726</b>	35,084
Long-term debt	<b>69,000</b>	18,300
Properties returned to the Province	<b>23,883</b>	—
Notes payable to the Province	—	20,270
Decrease in other assets	—	5,700
Increase in other liabilities	—	9,223
	<b><u>127,609</u></b>	<b><u>88,577</u></b>

**Financial Resources Were Used For:**

Real estate investments	<b>65,160</b>	66,745
Sinking fund payments	<b>2,451</b>	2,005
Reduction of notes payable	<b>37,638</b>	—
Corporate properties and equipment, net	<b>374</b>	1,485
Increase in other assets, net	<b>1,060</b>	—
Decrease in other liabilities	<b>3,881</b>	—
Dividend	<b>17,045</b>	18,342
	<b><u>127,609</u></b>	<b><u>88,577</u></b>

*The accompanying notes are an integral part of these statements.*

---

## British Columbia Buildings Corporation

## Notes to the Financial Statements

March 31, 1981

### 1. Status of the Corporation

The British Columbia Buildings Corporation is incorporated as a Crown Corporation of the Province of British Columbia under the British Columbia Buildings Corporation Act, R.S.B.C., 1979, as amended, and is an agent of the Crown. The Corporation's revenue received from Provincial Government Ministries represents 92% of total revenues.

### 2. Accounting Policies

#### (a) Capitalization of Costs

Real estate investments, corporate properties and equipment are recorded at cost less accumulated depreciation. In addition to land and direct development and construction costs, amounts capitalized as real estate investments include interest, property taxes, carrying and other related costs and the applicable portion of general and administrative expenses.

#### (b) Recognition of Revenue

The Corporation recognizes property income on a project basis at the earlier of 70% of occupancy or substantial completion. Prior to this date, any revenue earned on a property is deducted from the cost of construction.

#### (c) General Borrowings and Related Interest Charges

The interest on general borrowings attributable to income-producing properties under construction, land held for and under development and properties held for disposition is added to the cost of these assets, and the interest on general borrowings attributable to all other assets is expensed in the period to which it relates.

#### (d) Depreciation

Real estate investments, corporate properties and equipment are depreciated on an individual basis by the straight-line method over their estimated useful lives. The Corporation does not anticipate any salvage or residual values in setting its depreciation rates. Depreciation is pro-rated by month in the year of acquisition or disposal.

The estimated useful life of income-producing and corporate properties is between five and forty years. The estimated useful life of all other assets is between three and ten years.

#### (e) Income Taxes

The Corporation is exempt from Federal and Provincial income taxes.

#### (f) Sinking Funds

Payments made to sinking funds with respect to retirement provisions of the sinking fund bonds and debentures will be carried as an asset until such time as the bonds or debentures are redeemed and cancelled. Interest earned on the sinking funds is treated as interest income with a corresponding increase in the asset.

### 3. Income-Producing Properties

	<b>\$000's</b>	
	<b>1981</b>	<b>1980</b>
Net book value:		
Cost	<b>402,660</b>	357,439
Accumulated depreciation	<b>52,590</b>	36,861
	<b><u>350,070</u></b>	<b><u>320,578</u></b>
Activity:		
Net book value, beginning of year	<b>320,578</b>	269,759
ADD (DEDUCT):		
Cost of properties acquired, net	<b>4,109</b>	4,674
Cost of properties transferred from income-producing properties under construction	<b>42,221</b>	110,821
Depreciation expense	<b>(16,838)</b>	(14,502)
Properties held for disposition	<b>—</b>	(50,174)
Net book value, end of year	<b><u>350,070</u></b>	<b><u>320,578</u></b>



## British Columbia Buildings Corporation

## Notes to the Financial Statements

March 31, 1981

\$000's

<b>4. Income-Producing Properties Under Construction</b>	<b>1981</b>	<b>1980</b>
Balance, beginning of year	26,002	76,529
ADD (DEDUCT):		
Direct development and construction costs	40,571	55,794
Capitalization of interest	996	2,262
Capitalization of general and administrative expenses	2,188	2,238
Cost of properties completed and transferred to income-producing properties	(42,221)	(110,821)
Balance, end of year	27,536	26,002

**5. Land Held For and Under Development**

Balance, beginning of year	9,507	22,322
ADD (DEDUCT):		
Capitalization of interest and property tax	799	1,408
Acquisitions, net	264	728
Properties held for disposition	—	(14,951)
Balance, end of year	10,570	9,507

**6. Properties Held for Disposition**

During the year certain properties which were included in the original transfer of properties from the Province to the Corporation, were returned to the Province pursuant to the terms and conditions of the Colleges and Provincial Institutes Act. In addition, land owned by the Corporation in Burnaby was returned to the Province.

As at March 31, 1981, additional community college properties remain to be returned.

Activity:

\$000's

Balance, beginning of year	65,125
ADD (DEDUCT):	
Additional costs and capitalized interest, net	479
Properties returned to the Province	(23,883)
Balance, end of year	41,721

When the remaining properties are returned, Contributions by the Province will be reduced by \$14,858,000 and Notes Payable to the Province by \$26,863,000.

The Corporation has not recorded depreciation, nor has it charged rents in connection with any of these properties since March 31, 1979.

\$000's

**7. Corporate Properties and Equipment**

	<b>1981</b>	<b>1980</b>
Corporate properties and leasehold improvements	3,989	4,194
Maintenance equipment	1,592	1,517
Vehicles	1,082	1,067
Office furniture and equipment	769	503
	7,432	7,281
DEDUCT:		
Accumulated depreciation and amortization	2,680	2,060
	4,752	5,221

**8. Other Assets**

Temporary investments	4,000	—
Accounts receivable - Province of British Columbia	5,545	8,483
- Other	4,658	4,841
Prepaid supplies and expenses	1,434	1,253
	15,637	14,577

## British Columbia Buildings Corporation

## Notes to the Financial Statements

March 31, 1981

### 9. Long-Term Debt

Sinking fund bonds and debentures:

Series	Interest Rate	Maturity Date	Earliest Redemption Date	\$000's	
				1981	1980
A-1	9.03%	April 1, 1997	See below	5,000	5,000
BCA	9.90%	November 1, 2001	November 1, 1994	12,000	12,000
BCB	9.67%	April 1, 2002	April 1, 1995	16,000	16,000
B-1	9.46%	July 10, 1998	See below	15,000	15,000
B-2	9.36%	September 8, 1998	See below	6,000	6,000
B-3	9.35%	October 10, 1998	See below	10,000	10,000
B-4	9.84%	December 8, 1998	See below	4,000	4,000
C-1	9.84%	December 8, 1998	See below	86	86
C-2	10.26%	April 10, 1999	See below	5,000	5,000
C-3	10.02%	July 10, 1999	See below	10,000	10,000
C-4	10.49%	October 10, 1999	See below	3,300	3,300
C-5	13.39%	April 10, 2000	See below	9,000	—
C-6	13.46%	May 9, 2000	See below	10,000	—
BCC	10.80%	June 30, 2005	June 30, 2005	50,000	—
				<u>155,386</u>	<u>86,386</u>

The Corporation is required to establish sinking funds with the Minister of Finance, Province of British Columbia, in such amounts as shall be sufficient to retire the respective debts at maturity.

At the option of the Minister of Finance of Canada, the Sinking Fund Debentures Series A-1, B-1, B-2, B-3, B-4, C-1, C-2, C-3, C-4, C-5 and C-6 may be redeemed prior to maturity under certain conditions on six months' written notice.

The series BCC bears interest at a rate of 10.80% and is subject to adjustment every five years beginning June 30, 1985 and is payable to the Province of British Columbia. Sinking fund payments for each of the next five years amount to \$3,060,000.

The Province of British Columbia has unconditionally guaranteed the principal and interest on all long-term sinking fund bonds and debentures issued by the Corporation.

### 10. Notes Payable to the Province of British Columbia

	\$000's	
	1981	1980
Interest bearing promissory notes, payable on demand	29,000	46,000
Interest free promissory notes due March 31, 1992, redeemable on 30 days notice	137,347	157,985
	<u>166,347</u>	<u>203,985</u>

The interest bearing promissory notes have interest rates varying between 10.50% and 16.55%.

The interest free promissory notes are payable semi-annually in varying amounts over the term of the notes.

Payments on the interest free promissory notes to the Province of British Columbia over the next five years will be:

	\$000's
1981/82	14,071
1982/83	13,071
1983/84	13,071
1984/85	13,071
1985/86	13,071

## British Columbia Buildings Corporation

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**Notes to the Financial Statements**
**March 31, 1981**


---

	<b>\$000's</b>	
	<b>1981</b>	<b>1980</b>
<b>11. Other Liabilities</b>		
Due to bank, unsecured	<b>3,233</b>	3,198
Accounts payable and accrued liabilities	<b>19,104</b>	21,211
Retentions on contracts	<b>2,355</b>	3,074
Accrued interest payable - Province of British Columbia	<b>2,573</b>	3,641
- Other	<b>3,319</b>	2,044
Dividend payable	<b>17,045</b>	18,342
	<u><b>47,629</b></u>	<u>51,510</u>
<b>12. Contributions by the Province of British Columbia</b>		
Balance, beginning of year	<b>93,475</b>	109,091
ADD (DEDUCT):		
Properties acquired from (returned to)		
the Province, net	<b>(15,754)</b>	359
Transfer to notes payable	<b>—</b>	(15,975)
Balance, end of year	<u><b>77,721</b></u>	<u>93,475</u>
<b>13. Interest Expense</b>		
Interest on long-term debt and notes payable	<b>17,346</b>	11,541
DEDUCT:		
Interest capitalized	<b>2,276</b>	3,495
Interest earned on temporary investments and sinking funds	<b>1,352</b>	848
Net interest expense	<u><b>13,718</b></u>	<u>7,198</u>

**14. Commitments**

The Corporation estimates that the cost to complete projects under construction will be \$44,000,000 of which \$25,000,000 has been committed.

The Corporation has entered into leases with third parties to provide space for its client ministries and its head office for varying periods up to the year 1998, at a total aggregate net rental of approximately \$103,000,000. Most leases are for between five and ten years and include renewal options.

Minimum annual lease payments which will be charged to operations in subsequent years, for leases in effect at March 31, 1981, are as follows:

	<b>\$000's</b>
1981/82	<b>26,000</b>
1982/83	<b>22,000</b>
1983/84	<b>18,000</b>
1984/85	<b>11,000</b>
1985/86	<b>7,000</b>
Post 1985/86	<b>19,000</b>
	<u><b>103,000</b></u>

**15. Remuneration of Directors and Officers**

The direct remuneration paid or payable by the Corporation to the directors and officers of the Corporation for the year ended March 31, 1981 amounts to \$22,375 and \$343,678 respectively.

---

**BRITISH COLUMBIA CELLULOSE COMPANY**

**COOPERS & LYBRAND**

CHARTERED ACCOUNTANTS

OFFICES THROUGHOUT CANADA

AND IN PRINCIPAL AREAS

OF THE WORLD

MAILING ADDRESS

P O BOX 11128, ROYAL CENTRE  
1055 WEST GEORGIA STREET  
VANCOUVER BRITISH COLUMBIA, CANADA V6E 3R2

TELEPHONE (604) 682-7821

28<sup>TH</sup> FLOOR, THE ROYAL BANK OFFICE TOWER

1055 WEST GEORGIA STREET

VANCOUVER, BRITISH COLUMBIA, CANADA

V6E 3R2

CABLE ADDRESS COLYBRAND, VANCOUVER, B.C.

TELEX 04-507630

AUDITORS' REPORT

The Lieutenant-Governor in Council  
Province of British Columbia

We have examined the balance sheet of British Columbia Cellulose Company as at December 31, 1980 and the statements of earnings and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1980 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Coopers & Lybrand*

Vancouver, B.C.  
February 27, 1981

CHARTERED ACCOUNTANTS

BRITISH COLUMBIA CELLULOSE COMPANY  
BALANCE SHEET AS AT DECEMBER 31, 1980

A S S E T S

	1980 \$	1979 \$
CURRENT ASSETS		
Cash	17,861	111,528
Short-term deposits - at cost	8,248,766	4,978,895
Accrued interest receivable	119,613	204,239
Current portion of loans	<u>          </u>	<u>620,000</u>
	8,386,240	5,914,662
CORPORATE LOANS (note 1)		3,409,872
EQUIPMENT (note 2)	1,859,635	
OFFICE EQUIPMENT - at cost less accumulated depreciation of \$6,929 (1979 - \$6,106)	<u>3,293</u>	<u>4,116</u>
	<u>10,249,168</u>	<u>9,328,650</u>

L I A B I L I T I E S

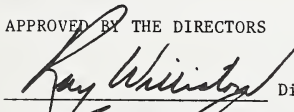
CURRENT LIABILITIES

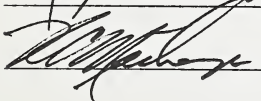
Accounts payable and accrued liabilities	<u>1,141,135</u>	<u>221,617</u>
--	------------------	----------------

S H A R E H O L D E R ' S     E Q U I T Y

CAPITAL STOCK (note 3)	2	2
RETAINED EARNINGS	<u>9,108,031</u>	<u>9,107,031</u>
	<u>9,108,033</u>	<u>9,107,033</u>
	<u>10,249,168</u>	<u>9,328,650</u>

APPROVED BY THE DIRECTORS

 Director

 Director

BRITISH COLUMBIA CELLULOSE COMPANY  
STATEMENT OF EARNINGS AND RETAINED EARNINGS  
FOR THE YEAR ENDED DECEMBER 31, 1980

	1980 \$	1979 \$
INCOME		
Interest income	1,242,112	1,380,320
Standby fees	<u>65,832</u>	<u>86,222</u>
	<u>1,307,944</u>	<u>1,466,542</u>
EXPENSE		
Administrative	98,874	86,376
Professional services (note 2)	1,016,255	232,583
Interest		19,895
Ocean Falls road development	<u>191,815</u>	<u>512,647</u>
	<u>1,306,944</u>	<u>851,501</u>
NET EARNINGS BEFORE EXTRAORDINARY ITEM	1,000	615,041
Provision for loss on Ocean Falls Corporation loan (note 1)	<u>          </u>	<u>2,000,000</u>
NET EARNINGS (LOSS) FOR THE YEAR (note 4)	1,000	(1,384,959)
RETAINED EARNINGS - BEGINNING OF YEAR	<u>9,107,031</u>	<u>10,491,990</u>
RETAINED EARNINGS - END OF YEAR	<u><u>9,108,031</u></u>	<u><u>9,107,031</u></u>



BRITISH COLUMBIA CELLULOSE COMPANY  
STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE YEAR ENDED DECEMBER 31, 1980

	1980 \$	1979 \$
SOURCE OF WORKING CAPITAL		
Net earnings before extraordinary item	1,000	615,041
Add: Depreciation	<u>823</u>	<u>1,030</u>
From current operations	1,823	616,071
Repayment of advances to Plateau Mills Ltd.	<u>3,409,872</u>	<u>620,000</u>
	3,411,695	1,236,071
USE OF WORKING CAPITAL		
Purchase of equipment	<u>1,859,635</u>	-----
INCREASE IN WORKING CAPITAL	1,552,060	1,236,071
WORKING CAPITAL - BEGINNING OF YEAR	<u>5,693,045</u>	<u>4,456,974</u>
WORKING CAPITAL - END OF YEAR	<u><u>7,245,105</u></u>	<u><u>5,693,045</u></u>
REPRESENTED BY:		
Current assets	8,386,240	5,914,662
Current liabilities	<u>1,141,135</u>	<u>221,617</u>
WORKING CAPITAL - END OF YEAR	<u><u>7,245,105</u></u>	<u><u>5,693,045</u></u>

## BRITISH COLUMBIA CELLULOSE COMPANY

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1980

## 1. CORPORATE LOANS

	1980 \$	1979 \$
Ocean Falls Corporation	2,000,000	2,000,000
Plateau Mills Ltd.	<u>          </u>	<u>3,409,872</u>
	2,000,000	5,409,872
Less: Provision for doubtful collection	<u>2,000,000</u>	<u>2,000,000</u>
	<u>Nil</u>	<u>3,409,872</u>

The loan to Ocean Falls Corporation in the principal amount of \$2,000,000 is with interest at prime bank lending rate plus 1/2%. Interest has been paid to December 31, 1979. Security is by way of fixed and floating charges on specified properties subject only to a prior debenture to the Province of British Columbia. In view of the closure of the newsprint operation, the ability of Ocean Falls to repay this loan is considered doubtful. Provision was made in full in 1979 for the potential loss.

The loan to Plateau Mills Ltd. was fully repaid in 1980.

## 2. OPERATIONS AT OCEAN FALLS, B.C.

The company is investigating the feasibility of carrying on a close utilization experimental wood operation at Ocean Falls, B.C. using certain existing facilities at Ocean Falls and purchased equipment. During 1980, professional fees of \$1,016,255 were incurred and equipment costing \$1,859,635 was purchased. The final decision to proceed with this project will be made in 1981.

## 3. CAPITAL STOCK

	1980 \$	1979 \$
Authorized -		
1,000,000 common shares of no par value		
Issued and fully paid -		
2 shares	<u>2</u>	<u>2</u>

These shares are wholly-owned by the Province of British Columbia.

BRITISH COLUMBIA CELLULOSE COMPANY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1980

4. INCOME TAXES

As a Provincial Crown Corporation, the company is exempt from federal and provincial income taxes.

5. DIRECTORS' REMUNERATION

Included in administrative expenses is the total remuneration paid to directors and senior officers of the company, amounting to \$40,750.

6. RELATED PARTY TRANSACTIONS

Reference should be made to notes 1, 2 and 3 for related party transactions. Management of the company's short-term deposits is handled by the Ministry of Finance.

**BRITISH COLUMBIA DEVELOPMENT CORPORATION**

## BRITISH COLUMBIA DEVELOPMENT CORPORATION

**CONSOLIDATED BALANCE SHEET as at March 31, 1981**

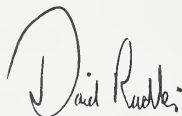
<b>Assets</b>	<b>Notes</b>	<b>1981</b>	<b>1980</b>
<b>Industrial development programs</b>			
Land and development projects	1	\$ 65,758,711	\$ 47,097,013
Loans to industrial enterprises		64,051,604	46,214,295
Property leases receivable		6,677,095	5,810,081
Rental properties	2	5,036,561	247,429
		<u>141,523,971</u>	<u>99,368,818</u>
Cash in banks		5,257,096	4,871,540
Accounts receivable		3,802,798	2,527,268
Premises and equipment	3	561,179	441,489
Trust assets	4	28,764,878	17,943,751
		<u>\$179,909,922</u>	<u>\$125,152,866</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities		\$ 5,734,328	\$ 7,430,127
Deposit on land development project	5	11,609,347	12,000,000
Term debt	6	79,603,138	36,317,608
		<u>96,946,813</u>	<u>55,747,735</u>
Trust liabilities		<u>28,764,878</u>	<u>17,943,751</u>
<b>Shareholder's equity</b>			
Share capital	7	42,500,000	42,500,000
Contributed surplus		6,657,880	5,836,057
Retained earnings		5,040,351	3,125,323
		<u>54,198,231</u>	<u>51,461,380</u>
		<u>\$179,909,922</u>	<u>\$125,152,866</u>
Contingent liabilities	8		

Approved by the Directors

Director



Director



## BRITISH COLUMBIA DEVELOPMENT CORPORATION

**CONSOLIDATED STATEMENT OF EARNINGS AND RETAINED EARNINGS**  
**for the year ended March 31, 1981**

	1981	1980
<b>Revenue</b>		
Industrial development programs		
Land and development project sales	\$ 14,084,018	\$ 8,243,174
Loans and guarantees	8,847,820	4,568,065
Lease financing	961,682	600,277
Property rentals	55,322	33,677
Interest on cash deposits	994,561	954,159
Other	245,047	445,161
	<u>25,188,450</u>	<u>14,844,513</u>
<b>Expense</b>		
Cost of sales, land and development projects	11,525,656	7,060,211
Interest on term debt	6,104,942	2,738,488
Salaries and benefits	1,533,407	1,416,269
General administration	567,841	548,064
Advertising and business development	979,337	253,627
Professional services	272,376	257,392
Depreciation and amortization	83,965	89,579
Directors' fees and expenses	76,649	54,226
	<u>21,144,173</u>	<u>12,417,856</u>
less: expenses applied to land and development projects	<u>2,955,846</u>	<u>1,818,420</u>
	<u>18,188,327</u>	<u>10,599,436</u>
<b>Earnings before the following</b>	<u>7,000,123</u>	<u>4,245,077</u>
Development project costs written off	2,449,401	779,562
Provision for losses on loans and guarantees	2,635,694	2,183,964
	<u>5,085,095</u>	<u>2,963,526</u>
<b>Net earnings for the year</b>	<u>1,915,028</u>	<u>1,281,551</u>
<b>Retained earnings, beginning of year</b>	<u>3,125,323</u>	<u>1,843,772</u>
<b>Retained earnings, end of year</b>	<u>\$ 5,040,351</u>	<u>\$ 3,125,323</u>

## BRITISH COLUMBIA DEVELOPMENT CORPORATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 1981

**1. Land and development projects**

Land and development projects consist of:

	1981		1980
	Acquisition	Development	Total
Land held for future development	\$ 4,442,725	\$ 1,475,324	\$ 5,918,049
Land and development projects	19,552,325	34,686,285	54,238,610
Developed land held for sale	2,973,345	2,628,707	5,602,052
	<u>\$26,968,395</u>	<u>\$38,790,316</u>	<u>\$65,758,711</u>
			<u>\$47,097,013</u>

**2. Rental Properties**

Land and projects which are rented to industrial enterprises are carried at cost and consist of:

	1981	1980
Land	\$ 411,039	\$ 247,429
Buildings	4,625,522	—
	<u>\$ 5,036,561</u>	<u>\$ 247,429</u>

**3. Premises and equipment**

Premises and equipment, carried at cost, consist of:

	1981	1980
Office furniture	\$ 307,327	\$ 248,277
Data processing	181,818	134,826
Leasehold improvements	415,600	319,067
	<u>904,745</u>	<u>702,170</u>
less: accumulated depreciation and amortization	343,566	260,681
	<u>\$ 561,179</u>	<u>\$ 441,489</u>

**4. Trust assets**

Under agreements with the Government of the Province of British Columbia, the Corporation acts as agent and administrator of the Low Interest Loan Assistance Programs (L.I.L.A.).

The assets administered under this program consist of:

	1981	1980
Cash and bank term deposits	\$ 873,766	\$ 2,635,189
Low interest loans disbursed	27,891,112	15,308,562
Total trust assets	<u>\$28,764,878</u>	<u>\$17,943,751</u>
Total funds committed and undisbursed under this program	<u>\$ 4,300,000</u>	<u>\$ 9,700,000</u>

**5. Deposit on land development project**

The Corporation is committed to deliver to the Ministry of Industry and Small Business Development, Province of British Columbia, on notice, up to 120 acres of serviced industrial land at Duke Point. In consideration the Corporation holds a \$11,609,347 deposit.



## BRITISH COLUMBIA DEVELOPMENT CORPORATION

**6. Term debt**

	1981	1980
Revolving credit facility, secured by a promissory note payable to the Minister of Finance, Government of the Province of British Columbia, with interest currently at 17¼%, adjustable semi-annually	\$65,000,000	\$29,000,000
Loan payable to the Government of the Province of British Columbia, pursuant to the Subsidiary Agreement on Industrial Development, repayable progressively as the Corporation sells or leases its Duke Point properties, with interest at 7½%, commencing March 6, 1982	13,000,000	4,167,338
Loan payable to the Government of the Province of British Columbia, pursuant to the Subsidiary Agreement on Industrial Development, due October 16, 1990, with interest at 6⅞%, commencing October 16, 1982, adjustable annually	1,390,400	—
Promissory note, without interest, due December 31, 1984	212,738	—
First mortgage on land and buildings	—	3,150,270
	<u>\$79,603,138</u>	<u>\$36,317,608</u>

**7. Share capital**

## Authorized

\$200,000,000 divided into 2,000,000 shares  
with a par value of \$100 each

## Issued

425,000 shares

\$42,500,000

**8. Contingent liabilities**

As part of its industrial development program, the Corporation has guaranteed indebtedness and performance of certain industrial enterprises amounting to \$8,435,000 (1980–\$12,875,000).

**9. Commitments**

- a) The Corporation, through a subsidiary, is committed (subject to receiving government approvals) to acquire rights for the importation, processing and distribution of lymphoblastoid interferon, at a cost of \$2,667,000.
- b) Annual rentals payable for office premises under long term leases up to 1984, amount to approximately \$235,000 per year.

**10. Related party transactions**

The Corporation, in the normal course of its business, enters into sales and leases of land and development projects to other Crown corporations and agencies.

**11. Presentation**

Comparative balance sheet and revenue and expense figures for 1980 have been reclassified to conform with the 1981 presentation.

## BRITISH COLUMBIA DEVELOPMENT CORPORATION

**CONSOLIDATED STATEMENT OF CHANGES  
IN INDUSTRIAL DEVELOPMENT PROGRAMS for the year ended March 31, 1981**

	1981	1980
<b>Changes in industrial development programs</b>		
Loan disbursements and accrued interest	\$ 30,502,930	\$ 28,375,771
less: loan repayments and provision for losses	12,665,621	6,676,536
Net increase	17,837,309	21,699,235
Additions to rental properties	4,789,132	—
Additions to land and development projects	37,619,292	23,466,318
less: transfers to rental properties	4,789,132	—
cost recoveries and projects written off	14,168,462	10,692,058
Net increase	18,661,698	12,774,260
Additions to property leases receivable	1,130,567	3,010,000
less: lease payments	263,553	2,460,037
Net increase	867,014	549,963
<b>Net additions to programs</b>	<b>\$ 42,155,153</b>	<b>\$ 35,023,458</b>
<b>Financed by</b>		
Increase in term debt	\$ 43,285,530	\$ 7,567,338
Increase in share capital	—	7,500,000
Utilization of cash and short term deposits	(385,556)	9,673,498
Net change in other assets and liabilities	(3,481,672)	3,210,103
Contributed surplus	821,823	5,790,968
Net earnings for the year	1,915,028	1,281,551
	<b>\$ 42,155,153</b>	<b>\$ 35,023,458</b>

**Auditors' Report**

To the Honourable Donald M. Phillips,  
Minister of Industry and Small Business Development,  
Province of British Columbia.

We have examined the consolidated balance sheet of British Columbia Development Corporation as at March 31, 1981 and the consolidated statements of earnings and retained earnings and changes in industrial development programs for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Corporation as at March 31, 1981 and the results of its operations and the changes in its industrial development programs for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, Canada.  
May 21, 1981.

*Campbell Sharp*  
Chartered Accountants

**BRITISH COLUMBIA EDUCATIONAL INSTITUTIONS CAPITAL FINANCING  
AUTHORITY**

Province of  
British Columbia

Office of the  
Auditor General  
Province of British Columbia

8 Bastion Square  
Victoria  
British Columbia  
V8V 1X4

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**AUDITOR'S REPORT**

To the Chairman and Members of the  
British Columbia Educational Institutions Capital Financing  
Authority, and

To the Minister of Finance  
Province of British Columbia:

I have examined the statement of assets and liabilities of the British Columbia Educational Institutions Capital Financing Authority as at 31 March 1981 and the statement of sources and uses of funds for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Authority as at 31 March 1981 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change in the method of accounting for accrued interest receivable and payable as explained in Note 2 to the financial statements, on a basis consistent with that of the preceding year.

A handwritten signature in cursive script, reading "Erma Morrison".

Erma Morrison, C.A.  
Auditor General

Victoria, British Columbia  
22 June 1981

## BRITISH COLUMBIA EDUCATIONAL INSTITUTIONS CAPITAL FINANCING AUTHORITY

## STATEMENT OF ASSETS AND LIABILITIES

AS AT 31 MARCH 1981

ASSETS	1981	1980
		(note 2)
Accrued interest receivable (note 2)	\$ 3,809,870	\$ 781,294
Loans to educational institutions (note 1 and schedule)	<u>118,247,000</u>	<u>59,831,000</u>
	122,056,870	60,612,294
Less accumulated sinking fund instalments and investment income.	<u>2,698,190</u>	<u>976,910</u>
	<u>\$119,358,680</u>	<u>\$59,635,384</u>

LIABILITIES		
Accrued interest payable (note 2)	\$ 3,809,870	\$ 781,294
Long-term debt (note 3)	<u>118,247,000</u>	<u>59,831,000</u>
	122,056,870	60,612,294
Less sinking funds on deposit with The Minister of Finance of the Province of British Columbia (note 4)	<u>2,698,190</u>	<u>976,910</u>
	<u>\$119,358,680</u>	<u>\$59,635,384</u>

The four accompanying notes are an integral  
part of these financial statements

Approved by the Authority:



Hugh A. Odris, Chairman



L.I. Bell, Secretary

## BRITISH COLUMBIA EDUCATIONAL INSTITUTIONS CAPITAL FINANCING AUTHORITY

## STATEMENT OF SOURCES AND USES OF FUNDS

FOR THE YEAR ENDED 31 MARCH 1981

Sources of Funds	<u>1981</u>	<u>1980</u> (note 2)
Proceeds of Authority debentures issued	\$ 58,416,000	\$ 34,540,000
Interest from loans to educational institutions (note 2)	10,309,696	4,147,110
Sinking fund instalments received from educational institutions	1,505,054	799,773
Income on sinking fund investments	216,226	54,133
	<hr/>	<hr/>
	\$ 70,446,976	\$ 39,541,016
Uses of Funds		
Loans to educational institutions	\$ 58,416,000	\$ 34,540,000
Interest on long-term debt (note 2)	10,309,696	4,147,110
Instalments paid into sinking funds	1,505,054	799,773
Investment income allocated to sinking funds	216,226	54,133
	<hr/>	<hr/>
	\$ 70,446,976	\$ 39,541,016
	<hr/>	<hr/>
Change in Financial Position	\$ —	\$ —
	<hr/>	<hr/>

## BRITISH COLUMBIA EDUCATIONAL INSTITUTIONS CAPITAL FINANCING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

AS AT 31 MARCH 1981

## 1. The Authority

The Authority was established by the British Columbia Educational Institutions Capital Financing Authority Act, 1976 Chapter 7, subsequently revised as the Educational Institution Capital Finance Act, R.S. 1979, Chapter 102. Section 3 of the Act states "The purpose of the authority is to assist designated educational institutions to finance their capital expenditures by purchasing debentures issued by them with money raised by the issue and sale of debentures of the authority."

Loans have been made by the Authority prior to the receipt of debentures as security. At the date of approval of these financial statements debentures had been received as security for loans totalling \$3,000,000. As a temporary measure the institutions have given Letters of Undertaking to issue debentures for the remaining amounts.

## 2. Significant Accounting Policies

- (a) The accounts of the Authority were maintained on a cash basis, modified to include interest accrued on sinking fund investments for all accounting periods up to and including the year ended 31 March 1980. For the year ended 31 March 1981, the accounts of the Authority have been maintained on a full accrual basis. As a result of the change, interest accrued on loans to educational institutions and long-term debt is included in the financial statements.

The comparative figures for the year ended 31 March 1980 have been restated to give effect to the change.

As a result of the change in accounting policies, the figures for interest from loans and interest on long-term debt have increased by \$3,028,575 (1980: \$568,483) over the amount that otherwise would have been shown. The figures for accrued interest receivable and payable were not previously disclosed. The change has no effect on the net income or equity position of the Authority.

- (b) Sinking funds are maintained by the Trustee, the Minister of Finance of the Province of British Columbia, to provide for the retirement of Authority debentures at maturity. Sinking fund instalments, income earned on sinking fund investments, and the corresponding investment of the income by the sinking fund trustee have been reflected in the statement of sources and uses of funds.

## BRITISH COLUMBIA EDUCATIONAL INSTITUTIONS CAPITAL FINANCING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

AS AT 31 MARCH 1981

3. Long-Term Debt  
Issued to:19811980

## Canada Pension Plan Investment Fund

<u>Series</u>	<u>Rate</u>	<u>Maturity</u>			
GG-1	9.41%	9	June 1998	\$ 5,000,000	\$ 5,000,000
GG-2	9.82%	10	January 1999	7,757,000	7,757,000
GG-3	10.16%	9	March 1999	12,534,000	12,534,000
GG-4	10.26%	10	April 1999	5,000,000	5,000,000
GG-5	10.02%	8	June 1999	2,500,000	2,500,000
GG-6	10.49%	10	October 1999	7,775,000	7,775,000
GG-7	10.68%	9	November 1999	7,198,000	7,198,000
GG-8	11.50%	10	December 1999	5,042,000	5,042,000
GG-9	12.74%	10	March 2000	6,000,000	6,000,000
GG-10	13.39%	10	April 2000	10,500,000	—
GG-11	12.01%	10	June 2000	4,000,000	—
GG-12	11.82%	10	July 2000	5,600,000	—
GG-13	12.55%	10	September 2000	11,500,000	—
GG-14	12.50%	10	October 2000	8,300,000	—
GG-15	13.09%	10	November 2000	3,195,000	—
GG-16	13.30%	10	December 2000	3,021,000	—
GG-17	13.18%	9	January 2001	3,600,000	—
GG-18	13.13%	10	March 2001	8,700,000	—
				<hr/>	<hr/>
				\$ 117,222,000	\$ 58,806,000

Province of British Columbia Public  
Service Superannuation Fund

AA-1	10.875%	15	October 1989	1,025,000	1,025,000
				<hr/>	<hr/>
				\$ 118,247,000	\$ 59,831,000

The Province of British Columbia has unconditionally guaranteed the payment of principal and interest on long-term debt.

Debentures issued to the Canada Pension Plan Investment Fund are redeemable on six months notice, in whole or in part before maturity at the option of the Minister of Finance of Canada.



## BRITISH COLUMBIA EDUCATIONAL INSTITUTIONS CAPITAL FINANCING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

AS AT 31 MARCH 1981

## 4. Sinking Funds

<u>Assets as at 31 March 1981</u>	<u>1981</u>	<u>1980</u>
Cash	\$ 566,066	\$ 830,772
Investments at cost	2,067,572	119,000
Accrued interest	64,552	27,138
	<u>\$ 2,698,190</u>	<u>\$ 976,910</u>
Market value of investments	<u>\$ 1,730,072</u>	<u>\$ 119,000</u>

Sinking fund investments were disclosed at par value in previous years. The change has no effect on reported investment values.

Sinking fund instalments of \$2,929,820 are due in each of the next five years.



**BRITISH COLUMBIA FERRY CORPORATION**



Suite 720-880 Douglas Street  
Victoria, B.C. V8W 2B7  
(604) 383-4191

June 3, 1981

**AUDITORS' REPORT**

To the Lieutenant-Governor in Council,  
Province of British Columbia:

We have examined the balance sheet of British Columbia Ferry Corporation as at March 31, 1981 and the statements of operations, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1981, the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A handwritten signature in cursive script that reads 'Price Waterhouse &amp; Co.'.

Chartered Accountants

## BRITISH COLUMBIA FERRY CORPORATION

## BALANCE SHEET

## ASSETS

	1981	March 31 1980
Current assets:		
Cash	\$ 1,399,148	\$ 2,696,263
Short-term investments (Note 1)	22,382,923	23,141,794
Accounts receivable (Note 2)	2,858,332	1,476,113
Inventories (Note 3)	7,703,309	6,953,138
Prepaid expenses and deposits (Note 4)	<u>1,029,302</u>	<u>503,353</u>
	35,373,014	34,770,661
Reserved funds (Note 5):		
Sinking fund for long-term debt	17,791,824	19,358,745
Accrued sick leave liability fund	3,607,420	3,266,063
Self-insurance fund	<u>652,950</u>	<u>151,950</u>
	22,052,194	22,776,758
Fixed assets (Note 6):		
Ships, berths, buildings, equipment and land net of accumulated depreciation	277,271,169	254,500,579

## APPROVED BY THE DIRECTORS:

W. A. Duncan Director

A. Michaud Director

\$334,696,377      \$312,047,998

## BRITISH COLUMBIA FERRY CORPORATION

## BALANCE SHEET

## LIABILITIES

	<u>1981</u>	<u>March 31</u> <u>1980</u>
Current liabilities:		
Accounts payable and accrued liabilities	\$ 19,429,997	\$ 12,813,914
Deferred revenue	651,356	409,629
Current portion of long-term debt (Note 7)	<u>1,836,744</u>	<u>1,748,944</u>
	21,918,097	14,972,487
Long-term debt (Note 7)	11,927,572	13,764,316
Accrued sick leave liability (Note 8)	3,607,420	3,266,063
Self-insurance fund (Note 9)	<u>652,950</u>	<u>151,950</u>
	<u>38,106,039</u>	<u>32,154,816</u>

## SHAREHOLDER'S EQUITY

Share capital:		
Authorized-		
1,000,000 shares without par value with a maximum consideration of \$100,000,000		
Issued-		
58,497 shares	5,849,700	5,849,700
Contributed surplus (Note 5)	1,887,671	1,887,671
Excess of appraised value of fixed assets over assigned value on acquisition	168,382,350	186,630,471
Retained earnings (Note 12)	<u>120,470,617</u>	<u>85,525,340</u>
	296,590,338	279,893,182
Commitments and subsequent events (Note 13)		
	<u>\$334,696,377</u>	<u>\$312,047,998</u>

## BRITISH COLUMBIA FERRY CORPORATION

## STATEMENT OF OPERATIONS

	Year ended March 31	
	<u>1981</u>	<u>1980</u> (Note 14)
Operating revenues:		
Tolls	\$ 73,136,569	\$ 60,377,636
Catering	21,211,556	17,933,492
Other	<u>1,166,633</u>	<u>1,101,528</u>
	95,514,758	79,412,656
Less: Cost of food and goods sold	<u>8,857,533</u>	<u>7,839,503</u>
	<u>86,657,225</u>	<u>71,573,153</u>
Operating expenses:		
Salaries, wages and benefits	64,290,316	56,207,472
Depreciation and amortization	22,148,226	20,270,582
Fuel and lubricants	18,812,001	12,103,783
Materials, operating supplies and services	9,082,690	8,082,908
Contracted replacements, repairs and maintenance	7,959,052	7,355,505
Marketing, general and administrative	3,021,876	2,949,166
Charter fees	<u>2,289,802</u>	<u>1,996,453</u>
	<u>127,603,963</u>	<u>108,965,869</u>
Operating loss before subsidy	40,946,738	37,392,716
Province of British Columbia highway equivalent subsidy (Note 10)	<u>53,106,427</u>	<u>49,447,325</u>
Income from operations	12,159,689	12,054,609
Other income, net (Note 11)	<u>4,537,467</u>	<u>3,454,724</u>
Net income for the year	<u>\$ 16,697,156</u>	<u>\$ 15,509,333</u>

## BRITISH COLUMBIA FERRY CORPORATION

## STATEMENT OF RETAINED EARNINGS

	<u>Year ended March 31</u>	
	<u>1981</u>	<u>1980</u>
Retained earnings at beginning of year	\$ 85,525,340	\$51,361,893
Net income for the year	16,697,156	15,509,333
Transfer from excess of appraised value of fixed assets over assigned value on acquisition of amounts realized through depreciation charged to operations and disposals of assets	<u>18,248,121</u>	<u>18,654,114</u>
Retained earnings at end of year	<u>\$120,470,617</u>	<u>\$85,525,340</u>

Note: "Retained earnings" represent the accumulated balance of income less losses arising from operations, after taking into account Provincial subsidy received and the appraisal value realized through depreciation charged to operations and disposals of assets (see also Note 12).

## BRITISH COLUMBIA FERRY CORPORATION

## STATEMENT OF CHANGES IN FINANCIAL POSITION

	Year ended March 31	
	1981	1980
		(Note 14)
Working capital derived from:		
Operations-		
Net income for the year	\$16,697,156	\$15,509,333
Charges not affecting working capital-		
Depreciation and amortization	22,148,226	20,270,582
Provision for self-insurance	500,000	500,000
Loss on retirement of fixed assets	-	366,176
Loss on disposal of sinking fund investments	1,265,874	960,013
	40,611,256	37,606,104
Increase in sick leave liability	341,357	217,463
Increase in self-insurance fund liability	1,000	-
Decrease in sinking fund assets	301,047	931,609
Decrease in self-insurance fund assets	-	1,098,050
	41,254,660	39,853,226
Working capital applied to:		
Fixed asset additions	44,918,816	39,368,593
Retirement of long-term debt	1,836,744	1,748,944
Increase in sick leave liability fund assets	341,357	217,463
Increase in self-insurance fund assets	501,000	-
Decrease in self-insurance fund liability	-	1,598,050
	47,597,917	42,933,050
Decrease in working capital	6,343,257	3,079,824
Working capital at beginning of year	19,798,174	22,877,998
Working capital at end of year	\$13,454,917	\$19,798,174
Working capital comprises:		
Current assets	\$35,373,014	\$34,770,661
Current liabilities	21,918,097	14,972,487
	\$13,454,917	\$19,798,174

## BRITISH COLUMBIA FERRY CORPORATION

STATEMENT OF ACCOUNTING POLICIES  
MARCH 31, 1981

In accordance with Section 8(7) of the Ferry Corporation Act the financial statements of the Corporation are prepared in accordance with generally accepted accounting principles. Significant accounting policies followed in the preparation of these financial statements are:

## Inventories-

Inventories comprise principally spare components, repair and maintenance parts, and operating supplies, and are valued at the lower of cost and current replacement cost.

## Long Term Disability Plan-

Amounts paid to the Superannuation Branch of the Public Service Commission under the Long Term Disability Plan are accounted for by the Corporation on the basis of accruing in the financial statements that portion estimated by the Corporation to be payable to employees over a two-year period of individual disability with the balance of the amounts paid being included in prepaid expenses.

## Fixed assets-

Acquired from the Province of British Columbia effective January 1, 1977:

## (a) Ships-

Ships, which comprise part of the total assets acquired from the Province effective January 1, 1977 by Order-In-Council dated December 16, 1976 and transferred at an assigned value of \$1, have been revalued by the Corporation and are reflected in the accompanying financial statements at their estimated depreciated replacement value as at January 1, 1977, on the basis of construction records for labour and materials valued at 1977 cost exclusive of any federal ship building subsidies which may have been available during the extended period of years during which the individual ships were built and during which such subsidies fluctuated substantially. The estimated depreciated replacement value of the ships at January 1, 1977 is not intended to reflect fair market value of the fleet nor can it be considered to approximate fair market value because of the specialized nature and limited saleability of the ships themselves.

In addition, three ships presently under charter by the Province until 1994 are subchartered to the Corporation for the same period at an annual cost of \$1 each, with the Corporation being responsible for all operating, repair and maintenance costs. Under the terms of the subcharter agreement with the Province, the Corporation may in 1994 request that the Province exercise its option to purchase these ships at its own expense in accordance with the terms of its charter agreement. In the event that such option is exercised, clear title to the ships will be transferred to the Corporation. As a result of these transactions and agreements, these ships are reflected as capital assets of the Corporation in the accompanying financial statements and are similarly stated at their estimated depreciated replacement value as at January 1, 1977.

(b) Berths, buildings and equipment-

Berths, buildings and equipment also comprise part of the total assets acquired from the Province effective January 1, 1977 by Order-In-Council dated December 16, 1976 and transferred at an assigned value of \$1.

These assets are reflected in the accompanying financial statements at their estimated depreciated replacement value as at January 1, 1977 based upon an appraisal made by Universal Appraisal Company Limited as at that date.

Additions and disposals subsequent to January 1, 1977:

The costs of major replacements, additions, extensions and improvements are capitalized in the fixed asset accounts. The costs of maintenance, repairs, minor renewals or replacements are charged against income. On retirement or disposal of fixed assets, the costs thereof and the related accumulated depreciation are eliminated from the accounts and any gains or losses are reflected in the statement of operations.

Excess of appraised value of fixed assets over assigned value on acquisition January 1, 1977:

Transfers to retained earnings are based upon realization of appreciation through sales and retirements, and depreciation provisions with respect to assets acquired from the Province as at January 1, 1977.

Depreciation and amortization-

Fixed assets are depreciated on the straight-line method based upon the following useful lives-

Ships	25 years
Berths	5 to 10 years
Buildings and equipment	4 to 25 years

Leasehold improvements are amortized on the straight-line method over the term of the lease plus renewal option.



Self-insurance fund-

The Corporation provides for uninsured losses up to the deductible amount of purchased insurance on ships.

Accrued sick leave liability-

Funds reserved to meet the obligations under the plan, as described in Note 7, are invested in short-term commercial security. Interest earned on these investments accrues to and payments to employees under the plan are charged against the accrued sick leave liability account.

## BRITISH COLUMBIA FERRY CORPORATION

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 1981

## 1. Short-term investments:

Funds, other than those required for immediate settlement of liabilities, are invested in short-term commercial securities authorized pursuant to the terms and provisions of the Revenue Act of British Columbia. The investments are arranged through the Ministry of Finance of the Province.

## 2. Accounts receivable:

Accounts receivable include \$1,972,530 due from the British Columbia Steamship Company (1975) Ltd. for the lease and modifications to the Lessee's specifications of the M.V. "Queen of Prince Rupert".

## 3. Inventories:

	March 31	
	<u>1981</u>	<u>1980</u>
Spare components, parts and supplies	\$5,368,583	\$5,046,770
Fuel and lubricants	1,851,075	1,586,578
Goods for resale	<u>483,651</u>	<u>319,790</u>
	<u>\$7,703,309</u>	<u>\$6,953,138</u>

## 4. Prepaid expenses and deposits:

Prepaid expenses include \$783,517 held by the Province in excess of the amount required for the payment of benefits to employees disabled as of March 31, 1981, as estimated by the Corporation.

## 5. Reserved funds:

The Corporation has segregated assets that are required for specific purposes or are required by statute.

## Sinking fund for long-term debt-

Effective January 1, 1977 and pursuant to the Ferry Corporation Act, all the liabilities of the British Columbia Ferry Authority in respect of the payment of the principal and interest on the outstanding bonds and debentures of the British Columbia Ferry Authority were assumed by the Corporation, and all money and investments in or forming part of the sinking fund established for repayment of those bonds and debentures were transferred to and vested in the Corporation. The sinking fund is administered by the Ministry of Finance.

This sinking fund is reflected in the accompanying balance sheet at cost for investments acquired after January 1, 1977 or at market value as at January 1, 1977 for investments transferred at that date. The difference between the market value of the investments transferred as at January 1, 1977 and the principal amount of the long-term debt outstanding at that date is shown as contributed surplus under shareholder's equity.

Funds reserved for self-insurance and accrued sick leave liability-

Funds reserved with respect to the self-insurance and accrued sick leave liability provisions are held in short-term commercial security investment.

	1981	March 31 1980
Sinking fund for long-term debt (Note 7):		
Cash and accrued interest	\$ 1,262,941	\$ 1,490,180
Investments (market value - \$16,497,483; 1980 - \$16,424,018)	<u>16,528,883</u>	<u>17,868,565</u>
	<u>17,791,824</u>	<u>19,358,745</u>
Fund for accrued sick leave liability (Note 8):		
Accrued interest	106,521	85,625
Due to general operating funds	(32,048)	(94,627)
Investment	<u>3,532,947</u>	<u>3,275,065</u>
	<u>3,607,420</u>	<u>3,266,063</u>
Self-insurance fund (Note 9):		
Investment	652,950	1,750,000
Due to general operating funds	<u>        </u>	<u>(1,598,050)</u>
	<u>652,950</u>	<u>151,950</u>
	<u>\$ 22,052,194</u>	<u>\$22,776,758</u>

6. Fixed assets:

	March 31, 1981			March 31 1980
	Cost or Appraised Value	Accumulated Depreciation	Net book Value	Net Book Value
Ships owned	\$157,971,961	\$42,711,053	\$115,260,908	\$116,954,293
Ships under capital lease	62,881,592	11,222,081	51,659,511	53,308,125
Berths, buildings and equipment	71,202,578	30,730,638	40,471,940	40,028,635
Land	561,571		561,571	
Construction in progress	<u>69,317,239</u>	<u>        </u>	<u>69,317,239</u>	<u>44,209,526</u>
	<u>\$361,934,941</u>	<u>\$84,663,772</u>	<u>\$277,271,169</u>	<u>\$254,500,579</u>

Assets acquired from the Province on January 1, 1977 were revalued on the basis of appraisals and the increment is shown as excess of appraised value of fixed assets over assigned value on acquisition under shareholder's equity.

7. Long-term debt:

Effective January 1, 1977 and pursuant to the Ferry Corporation Act, all the liabilities of the British Columbia Ferry Authority in respect of the payment of the principal and interest on the outstanding bonds and debentures of the British Columbia Ferry Authority were assumed by the Corporation and all money and investments in or forming part of the sinking fund established for repayment of those bonds and debentures were transferred to and vested in the Corporation.

The outstanding bonds and debentures as at March 31, 1981 are as follows:

<u>Series</u>	<u>Principal</u>	<u>Rate</u>	<u>Due date</u>
D	Cdn. \$10,000,000	5.00%	October 15, 1982
F	U.S. \$ 3,730,000	5.00%	November 1, 1982

The Canadian dollar equivalent has been expressed at the exchange rate prevailing at January 1, 1977. If translated at the exchange rate prevailing at March 31, 1981, the Canadian dollar equivalent of the current portion of this debt would be increased by approximately \$338,156 and the remaining portion would be increased by approximately \$354,878.

The Province of British Columbia unconditionally guarantees the payment of principal and interest on these bonds and debentures and will pay out of its Consolidated Revenue Fund such sums as may be required to discharge those liabilities in the event that the sinking fund assets are insufficient for that purpose.

With respect to Series F, principal amounts of U.S. \$1,820,000, and U.S. \$1,910,000 become due and payable on November 1, 1981 and 1982 respectively.

8. Accrued sick leave liability:

On September 1, 1978 the Corporation introduced short-term illness and injury and long-term disability plans and as of that date all employees ceased accruing sick leave credits. Under the collective agreement with the employees, in the event of illness, the accumulated sick time may be withdrawn prior to retirement and on retirement any balance remaining is payable in cash at 50% of accredited time. An actuarial evaluation of the liability as at March 31 1979 by William M. Mercer Limited established the present lump sum value of cash payouts on retirement at \$3,048,600 which with interest will accumulate an amount required to meet those obligations. Funds reserved for liquidation of this liability are invested in short-term commercial security.

## 9. Self-insurance fund:

In addition to purchased insurance coverage on ships the Corporation has charged to operations \$500,000 (1980 - \$500,000) by way of self-insurance for uninsured losses. Funds reserved for this purpose are held in short-term commercial security investment. It is the Corporation's intention to make further provisions sufficient to cover deductible amounts as determined by the Corporation upon continual review and revision to its insurance coverage. At present the deductible under fleet insurance coverage is \$1.5 millions for any accident or occurrence with an aggregate of \$5.0 millions in any one year.

## 10. Provincial highway equivalent subsidy and benefits:

The amount of the subsidy received by the Corporation from the Province of British Columbia is substantially equivalent to the aggregate of the annual cost of maintaining, and the annual amortization of the capital cost of, a two-lane highway built through difficult terrain in the coastal region and of a length equal to that of the ferry routes operated by the Corporation.

The Corporation obtains a benefit through the subcharters of three ships from the Province at an annual cost of \$1 each. The cost of these charters to the Province is \$4,819,800 annually. In addition the Corporation utilizes Crown land for terminal and highway access without rental or property taxes. The value of these benefits is not readily determinable. The Corporation, as an agent of the Crown, is not liable to taxation, including taxation on improvements, except insofar as the Crown is liable.

## 11. Other income (expense):

	<u>Year ended March 31</u>	
	<u>1981</u>	<u>1980</u>
Sinking fund administered by the		
Ministry of Finance:		
Investment income	\$ 2,567,941	\$1,937,666
Net loss on disposals of investments	(1,265,874)	(960,013)
Interest expense on long-term debt	(779,324)	(879,644)
Foreign exchange loss on long-term debt principal payment	(296,182)	(289,905)
	<u>226,561</u>	<u>(191,896)</u>
Assets administered by the Corporation:		
Interest earned on funds in bank and short-term investments	4,310,906	4,012,796
Loss on retirement of fixed assets	-	(366,176)
	<u>4,310,906</u>	<u>3,646,620</u>
	<u>\$ 4,537,467</u>	<u>\$3,454,724</u>

The U.S. dollar component of interest expense on long-term debt is expressed at the rate of exchange prevailing at date of payment.

## 12. Retained earnings:

	Accumulated Balances <u>March 31/81</u>	Additions for the year ended <u>March 31/81</u>	Accumulated Balances <u>March 31/80</u>
Loss from operations and retirement of fixed assets net of interest earned on funds in bank and short-term investments	\$(161,983,017)	\$(36,635,832)	\$(125,347,185)
Net transactions of sinking fund established for repayment of long-term debt	1,819,480	226,561	1,592,919
Province of British Columbia highway equivalent subsidy and grant	<u>199,342,894</u>	<u>53,106,427</u>	<u>146,236,467</u>
Net income	39,179,357	16,697,156	22,482,201
Transfer from excess of appraised value of fixed assets over assigned value on acquisition of amounts realized through depreciation charged to operations and disposals of assets	<u>81,291,260</u> <u>\$ 120,470,617</u>	<u>18,248,121</u> <u>\$ 34,945,277</u>	<u>63,043,139</u> <u>\$ 85,525,340</u>

## 13. Commitments and subsequent events:

The Corporation is contractually committed to complete the construction of two large ferries, the M.V. "Queen of Surrey" and the M.V. "Queen of Oak Bay", and to complete the lifting and installation of a second vehicle deck on the M.V. "Queen of Vancouver" and M.V. "Queen of Victoria". The total estimated cost of these projects, net of federal shipbuilding subsidy, is \$68.5 millions. At March 31, 1981 the estimated remaining net cost to complete these capital projects is \$13.0 millions.

During the next fiscal period, the Corporation is committed or intends to commit to other capital expenditures totalling \$33.5 millions, including \$7.4 millions for the re-engining of the M.V. "Queen of Esquimalt" and M.V. "Queen of Saanich".

Subsequent to March 31, 1981 the Corporation accepted an offer of \$1.3 millions for the sale of the M.V. "Sunshine Coast Queen" which has been laid-up out of service for the past 4-1/2 years.

The Corporation is currently settling the terms of the sale and lease-back of the M.V. "Queen of Oak Bay" with an option to repurchase on termination of the lease agreement at 15% of the sale price.

Also subsequent to March 31, 1981, an amendment to the Ferry Corporation Act has been introduced in the Legislature vesting the surplus, if any, remaining in the Sinking Fund, after repayment of the long-term debt, to the Consolidated Revenue Fund. The surplus, expressed in Canadian dollar equivalent at the exchange rate prevailing as at March 31, 1981 was \$3,014,117.

14. Comparative figures:

Certain comparative figures for the previous year have been reclassified to conform with the March 31, 1981 financial statement presentation.

**BRITISH COLUMBIA HARBOURS BOARD**



Province of  
British Columbia

Office of the  
Auditor General  
Province of British Columbia

8 Bastion Square  
Victoria  
British Columbia  
V8V 1X4

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**AUDITOR'S REPORT**

To the Chairman and Members of the  
British Columbia Harbours Board:

I have examined the statement of financial position of the British Columbia Harbours Board as at 31 March 1981 and the statements of income and retained earnings and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Board as at 31 March 1981 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change in the method of accounting for Railway fixed assets as explained in Note 1A to the financial statements, on a basis consistent with that of the preceding year.

A handwritten signature in cursive script, reading "Erma Morrison".

Erma Morrison, C.A.  
Auditor General

Victoria, British Columbia  
23 April 1981





## Exhibit B

BRITISH COLUMBIA HARBOURS BOARD  
STATEMENT OF INCOME AND RETAINED EARNINGS  
for year ended March 31, 1981

Revenue

	<u>1981</u>	<u>1980</u>
Railway	\$ 4,052,846	\$ 3,049,667
Rental	509,261	477,083
Interest	748,056	286,859
	<u>5,310,163</u>	<u>3,813,609</u>

Expenses

Depreciation on buildings and equipment	84,923	94,844
General administration	45,347	34,244
Insurance, maintenance and other property expenses	114,874	82,816
Property taxes	46,377	59,777
Railway operations	917,834	729,465
Salaries and benefits	167,857	135,236
Studies and reports	-	48,945
	<u>1,377,212</u>	<u>1,185,327</u>

<u>Income before extraordinary item</u>	3,932,951	2,628,282
Net insurance proceeds for destroyed property	<u>70,580</u>	<u>-</u>
<u>Net income for year - Exhibit C</u>	4,003,531	2,628,282
Retained earnings at beginning of year	<u>9,771,361</u>	<u>7,143,079</u>
Retained earnings at end of year - Exhibit A	<u><u>\$13,774,892</u></u>	<u><u>\$ 9,771,361</u></u>

## Exhibit C

BRITISH COLUMBIA HARBOURS BOARD  
STATEMENT OF CHANGES IN FINANCIAL POSITION  
for year ended March 31, 1981

	<u>1981</u>	<u>1980</u>
<u>Source of working capital</u>		
Net income - Exhibit B	\$4,003,531	\$2,628,282
Charge not requiring cash outlay, depreciation	<u>84,923</u>	<u>94,844</u>
	4,088,454	2,723,126
 <u>Use of working capital</u>		
Expenditure on fixed assets (net)	<u>46,480</u>	<u>11,176</u>
Increase in working capital	\$4,041,974	\$2,711,950
Working capital at beginning of year	<u>\$3,894,611</u>	<u>\$1,182,661</u>
Working capital at end of year	<u><u>\$7,936,585</u></u>	<u><u>\$3,894,611</u></u>

BRITISH COLUMBIA HARBOURS BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
as at March 31, 1981

Note 1      Significant Accounting Policies

A.      Fixed assets and depreciation

Buildings and equipment are valued at cost. Depreciation on buildings and equipment has been computed at 10% of the diminishing balance.

Land is valued at cost to the Board less proceeds amounting to \$522,360 from granting easements through Board land, and less the value of railway right-of-way which has been included in railway.

Railway is valued at:	
Cost (including rights-of-way)	\$12,387,230
Land appraisals	680,000
Expenditures by the Province of B.C. for overpasses	<u>4,821,724</u>
Total	<u>\$17,888,954</u>

In 1978 the Board commissioned two independent real estate appraisers, Fred Cunningham Land Consultant Ltd. and Penny and Keenleyside Appraisals Ltd. to appraise land used for railway right-of-way and located on part of the 1,400 hectare parcel granted the Board in 1974 by the Crown in the right of the Province. This appraisal was to determine the market value of the land when it was first used as railway right-of-way. Based on information contained in these appraisals, management has valued this land at \$680,000.

The Ministry of Highways spent \$4,821,724 on railway overpasses necessary for the operations of the rail line. The Board and railway users agreed that these costs be included as part of the railway capital costs on which railway income is based.

By agreement between the Board and the users of its railway, users are responsible for costs of maintaining, renewing and replacing trackage as required. In case of retirement, the users are to compensate the Board in full for sections retired. Accordingly, no provision for depreciation has been made in respect of the railway.

The Board's financial statements for 1980 and prior years showed these amounts of \$4,821,724 and \$680,000 as grants in aid of construction. The 1980 comparative figures have been restated to conform with the financial statement presentation adopted for 1981.

- B.      The Board's railway is managed under contract by British Columbia Railway Company which is responsible for maintaining the right-of-way and for billing user railways for costs and rent on behalf of the Board.
- C.      Advances due to the Province of British Columbia are repaid from funds declared by the Board to be surplus to its requirements. Effective from April 1, 1976, the Board is not required to pay interest on these advances.

## Note 2

In 1976 the British Columbia Court of Appeal confirmed the Province's ownership of the bed of the Strait of Georgia and related areas as set out in Order-in-Council number 3459 dated October 31, 1974. This decision confirms that the Crown in right of the Province had authority to transfer to the Board about 690 hectares of land below low water, bringing the Board's total land holdings in the Roberts Bank area below high water up to 1,400 hectares at that time. An appeal by the Government of Canada has been filed in the Supreme Court of Canada from the decision of the British Columbia Court of Appeal; a date has not yet been set for hearing.

As a result of an agreement dated 29 August, 1980 between the Queen in right of Canada, the Queen in right of the Province, the National Harbours Board and the British Columbia Harbours Board, the British Columbia Harbours Board agreed to convey 195 hectares of this 1,400 hectares at no cost to the Queen in right of Canada, provided certain conditions are met by the National Harbours Board. The 195 hectare parcel contains Roberts Bank Superport and the area necessary to expand this operation. The National Harbours Board at its own expense must complete development and expansion on this land before July 2, 1987 otherwise title to the 195 hectare parcel will revert to the British Columbia Harbours Board.

**BRITISH COLUMBIA HEALTH CARE RESEARCH FOUNDATION**



**Province of  
British Columbia**

Office of the  
Auditor General  
Province of British Columbia

8 Bastion Square  
Victoria  
British Columbia  
V8V 1X4

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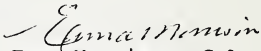
**AUDITOR'S REPORT**

To the Chairman and Members of the  
British Columbia Health Care Research Foundation, and

To the Minister of Health  
Province of British Columbia:

I have examined the balance sheet of the British Columbia Health Care Research Foundation as at 31 March 1981 and the statement of revenue and expenditure and surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Foundation as at 31 March 1981 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

  
Erma Morrison, C.A.  
Auditor General

Victoria, British Columbia  
23 June 1981

## EXHIBIT A

BRITISH COLUMBIA HEALTH CARE RESEARCH FOUNDATION  
(Incorporated under the Societies Act of British Columbia)

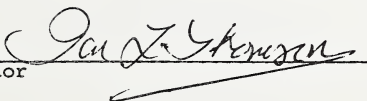
BALANCE SHEET  
AS AT 31 MARCH 1981

	<u>1981</u>	<u>1980</u>
<b>ASSETS</b>		
Cash and term deposits	\$ 492,268	\$ 1,232,570
Accrued interest receivable	41,876	25,911
Unexpended and surplus research grants receivable	71,866	-
	<u>\$ 606,010</u>	<u>\$ 1,258,481</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 38,803	\$ 19,579
Research grants payable	22,700	83,300
SURPLUS (EXHIBIT B)	544,507	1,155,602
	<u>\$ 606,010</u>	<u>\$ 1,258,481</u>

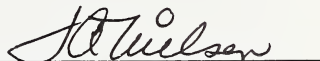
The accompanying note is an integral part of these financial statements.

Approved by the Board of Directors

Director



Director



## EXHIBIT B

BRITISH COLUMBIA HEALTH CARE RESEARCH FOUNDATION  
STATEMENT OF REVENUE AND EXPENDITURE AND SURPLUS

FOR THE YEAR ENDED 31 MARCH 1981

	<u>1981</u>	<u>1980</u>
REVENUE		
Contributions from the Lottery Fund	\$ 2,700,000	\$ 2,700,000
Interest	236,956	357,030
	<hr/>	<hr/>
	2,936,956	3,057,030
	<hr/>	<hr/>
EXPENDITURE		
Administrative expenses	87,122	68,723
Scholarship awards	245,100	127,500
Research fellowships	12,000	16,000
Health Care Research grants (note 1)	3,203,829	3,361,122
	<hr/>	<hr/>
	3,548,051	3,573,345
	<hr/>	<hr/>
DEFICIENCY OF REVENUE OVER EXPENDITURE	611,095	516,315
SURPLUS AT BEGINNING OF YEAR	1,155,602	1,671,917
	<hr/>	<hr/>
SURPLUS AT END OF YEAR (EXHIBIT A)	<u>\$ 544,507</u>	<u>\$ 1,155,602</u>



## BRITISH COLUMBIA HEALTH CARE RESEARCH FOUNDATION

## NOTE TO FINANCIAL STATEMENTS

31 MARCH 1981

## 1. GRANTS TO RESEARCH ORGANIZATIONS

The Foundation paid grants to support health care research and development projects at the organizations listed below. The grants are administered and disbursed by these organizations as expenses are incurred by research staff. Interest earnings on funds on deposit remain with the organization to offset administrative expenses. Amounts which are surplus at project completion or unexpended due to project cancellation or alternate funding are returnable to the Foundation.

TOTAL GRANTS

	<u>1981</u>	<u>1980</u>
Boundary Union Board of Health	\$ 22,700	\$ -
B.C. Perinatal Health Society	-	6,000
Canadian Red Cross Society	5,000	-
Cancer Control Agency of B.C.	107,000	25,000
Cerebral Palsy Association of B.C.	-	10,077
Courtenay Mental Health Centre	-	1,501
Division of Vital Statistics	-	8,685
- Ministry of Health	-	-
Greater Vancouver Mental Health Service	5,801	-
Lions Gate Hospital	42,189	-
Registered Nurses Association of B.C.	44,173	-
Royal Jubilee Hospital	13,000	57,000
Shaughnessy Hospital	-	33,400
Simon Fraser University	88,200	112,700
St. Paul's Hospital	10,422	-
University of British Columbia	2,806,981	2,909,573
University of Victoria	64,000	81,632
Vancouver General Hospital	40,400	64,900
Vancouver Society for Evaluation and Research in Community Health	50,000	50,000
Woodlands	-	5,924
- Ministry of Human Resources	-	-
	3,299,866	3,366,392
Less: Unexpended and surplus research grants returned	96,037	5,270
	<u>\$ 3,203,829</u>	<u>\$ 3,361,122</u>

## BRITISH COLUMBIA HERITAGE TRUST



Province of  
British Columbia

Office of the  
Auditor General  
Province of British Columbia

8 Bastion Square  
Victoria  
British Columbia  
V8V 1X4

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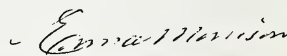
### AUDITOR'S REPORT

To the Chairman and Directors of the Board of the  
British Columbia Heritage Trust, and

To the Provincial Secretary and Minister of Government  
Services, Province of British Columbia

I have examined the balance sheet of the British Columbia Heritage Trust as at 31 March 1981 and the statements of revenue and expenditure and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Trust as at 31 March 1981 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

  
Erma Morrison, C.A.  
Auditor General

Victoria, British Columbia  
22 May 1981

## EXHIBIT A

## BRITISH COLUMBIA HERITAGE TRUST

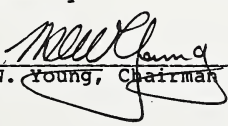
## BALANCE SHEET

AS AT 31 MARCH 1981

ASSETS	<u>1981</u>	<u>1980</u>
Cash and short term deposits	\$1,459,977	\$ 575,582
Accrued interest receivable	27,221	12,443
Advances	<u>500</u>	<u>5,000</u>
	<u>1,487,698</u>	<u>593,025</u>
Deposit on property	199,500	-
Investment in property (note 2)	<u>279,402</u>	<u>176,643</u>
	<u>478,902</u>	<u>176,643</u>
	<u>\$1,966,600</u>	<u>\$ 769,668</u>
LIABILITIES		
Accounts payable	<u>\$ 22,693</u>	<u>\$ 12,529</u>
SURPLUS		
Balance - beginning of year	757,139	957,272
Excess of revenue over expenditure - Exhibit B	<u>1,186,768</u>	<u>(200,133)</u>
Balance - end of year	<u>1,943,907</u>	<u>757,139</u>
	<u>\$1,966,600</u>	<u>\$ 769,668</u>

The accompanying four notes are an integral part  
of these financial statements.

Approved by

  
M.D.W. Young, Chairman

  
R.J. Irvine, Secretary

## EXHIBIT B

BRITISH COLUMBIA HERITAGE TRUST  
STATEMENT OF REVENUE AND EXPENDITURE  
FOR THE YEAR ENDED 31 MARCH 1981

	<u>1981</u>	<u>1980</u>
REVENUE		
Interest earned	\$ 237,014	\$ 99,506
Grant from British Columbia		
Lottery Fund	1,800,000	100,000
Donations and miscellaneous		
receipts	<u>2,379</u>	<u>3,200</u>
	<u>2,039,393</u>	<u>202,706</u>
EXPENDITURE		
Administrative and other		
operating expenses (note 1)	63,602	43,068
Printing and publications	38,071	79,904
Capital projects	252,583	8,510
Grants - Heritage Area		
Revitalization Program	37,000	30,000
Grants - Planning and		
Inventory Assistance	13,645	8,000
Grants - Restoration Program	324,037	148,227
Grants - Publications Assistance	49,009	21,824
Grants - Scholarships	10,000	15,000
Grants - Other	<u>64,678</u>	<u>48,306</u>
	<u>852,625</u>	<u>402,839</u>
Excess of revenue over expenditure	\$1,186,768	\$ (200,133)
for the year - Exhibit A	<u><u>                    </u></u>	<u><u>                    </u></u>

## EXHIBIT C

BRITISH COLUMBIA HERITAGE TRUST  
STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE YEAR ENDED 31 MARCH 1981

	<u>1981</u>	<u>1980</u>
Funds were provided by:		
Excess of revenue over expenditure	\$1,186,768	\$ -
	<hr/>	<hr/>
Funds were applied to:		
Excess of expenditure over revenue	-	200,133
Investment in property	102,759	176,643
Deposit on property	199,500	-
	<hr/>	<hr/>
	302,259	376,776
	<hr/>	<hr/>
Increase (decrease) in working capital	884,509	(376,776)
Working capital at beginning of year	580,496	957,272
	<hr/>	<hr/>
Working capital at end of year	\$1,465,005	\$580,496
	<hr/>	<hr/>

BRITISH COLUMBIA HERITAGE TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
31 March 1981

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

- a) It is the policy of the Trust to capitalize all costs incurred for the acquisition and restoration of sites purchased by the Trust whether the property has been registered in the name of the Trust or of the Province. Costs incurred in restoring sites purchased directly by the Province are charged to expenditure account - capital projects.
- b) Due to the nature of the buildings no provision is made for depreciation of buildings acquired as heritage sites.
- c) Administrative costs do not include costs for staff, occupancy or administration incurred by the Ministry of the Provincial Secretary and Government Services on behalf of the Trust.

NOTE 2: INVESTMENT IN PROPERTY

Investment in property includes an amount of \$12,867 relating to expenditures incurred on property to be acquired by the Trust, where the purchase had not been completed by 31 March 1981.

NOTE 3: COMMITMENTS

Commitments with respect to grants approved for the following year amount to \$470,130.

NOTE 4: COMPARATIVE FIGURES

The 1980 comparative figures are restated where necessary to conform with the statement presentation for the year ended 31 March 1981.

## BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION

*Clarkson Gordon*

Chartered Accountants

P.O. Box 10101 Pacific Centre  
700 West Georgia Street  
Vancouver, Canada V7Y 1C7  
(604) 683-7133AUDITORS' REPORTTo the Chairman,  
British Columbia Housing  
Management Commission,  
Vancouver, B.C.

We have examined the combined balance sheet of the Province of British Columbia projects and programs managed by the British Columbia Housing Management Commission as at December 31, 1980 and the combined statements of amount due from Canada Mortgage and Housing Corporation and proprietor's account, revenue and expenditure and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these combined financial statements present fairly the combined financial position of the projects and programs as at December 31, 1980 and the combined results of their operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, Canada,  
May 22, 1981.*Clarkson Gordon*

Chartered Accountants

STATEMENT 1

PROVINCE OF BRITISH COLUMBIAPROJECTS AND PROGRAMSMANAGED BY THEBRITISH COLUMBIA HOUSING MANAGEMENT COMMISSIONCOMBINED BALANCE SHEETDECEMBER 31, 1980 AND 1979

	<u>1980</u>	<u>1979</u>
<u>ASSETS</u>		
Term deposits	\$ 550,000	\$ 2,000,000
Accounts receivable, tenants and sundry	842,927	589,507
Prepaid expenses and rental supplements	1,275,431	1,788,617
Disaster loss fund (note 3)	357,309	258,928
Fixed assets, at cost (note 1(c))	678,958	504,922
Less accumulated depreciation	206,908	172,279
	<u>472,050</u>	<u>332,643</u>
Due from Canada Mortgage and Housing Corporation (statement 2)	9,002,029	10,629,605
	<u>\$12,499,746</u>	<u>\$15,599,300</u>
<u>LIABILITIES AND PROPRIETOR'S ACCOUNT</u>		
Bank indebtedness	\$ 510,564	\$ 263,750
Accounts payable	2,006,725	2,012,055
Accrued amortization payable (note 1(a))	8,868,424	8,378,982
Tenants' prepaid rent and charges	93,471	51,757
Disaster loss reserve (note 3)	357,309	258,928
Proprietor's account (statement 2)	663,253	4,633,828
	<u>\$12,499,746</u>	<u>\$15,599,300</u>

On behalf of the Commission:

Chairman

Member

(See accompanying notes)



## STATEMENT 2

PROVINCE OF BRITISH COLUMBIAPROJECTS AND PROGRAMSMANAGED BY THEBRITISH COLUMBIA HOUSING MANAGEMENT COMMISSIONCOMBINED STATEMENT OF AMOUNT DUE FROM CANADA MORTGAGE AND  
HOUSING CORPORATION AND PROPRIETOR'S ACCOUNTYEAR ENDED DECEMBER 31, 1980

	<u>Canada Mortgage and Housing Corporation</u>	<u>Proprietor's Account</u>	<u>Total</u>
Balance, beginning of year	\$10,629,605	\$ (4,633,828)	\$ 5,995,777
Prior period adjustments:			
Projects under Section 40 of the National Housing Act (note 4(a))	7,954,888	(54,710)	7,900,178
Projects Wholly Funded by the Province of British Columbia (note 4(b))		176,734	176,734
Rent Supplement Programs (note 4(c))	<u>(346,168)</u>	<u>346,168</u>	
As restated	<u>\$18,238,325</u>	<u>\$ (4,165,636)</u>	<u>\$14,072,689</u>
Receipts (disbursements), in respect of:			
1979 subsidy balances	8,118,666	10,172,716	18,291,382
1980 subsidy balances	4,782,844	1,975,679	6,758,523
Working capital		<u>(3,193,406)</u>	<u>(3,193,406)</u>
	12,901,510	8,954,989	21,856,499
Credit to partner in respect of amortization of capital costs of projects (note 1(a))	<u>13,595,522</u>		<u>13,595,522</u>
	<u>26,497,032</u>	<u>8,954,989</u>	<u>35,452,021</u>
	<u>(8,258,707)</u>	<u>(13,120,625)</u>	<u>(21,379,332)</u>
Share of rental supplement (statement 3)	8,100,892	3,993,528	12,094,420
Share of shelter supplement (note 5)	4,510,677	4,721,498	9,232,175
Net expenditure in excess of revenue for the year (statement 3)	<u>4,649,167</u>	<u>3,742,346</u>	<u>8,391,513</u>
	<u>17,260,736</u>	<u>12,457,372</u>	<u>29,718,108</u>
Balance, end of year	<u>\$ 9,002,029</u>	<u>\$ (663,253)</u>	<u>\$ 8,338,776</u>

(See accompanying notes)

PROVINCE OF BRITISH COLUMBIA  
BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION  
COMBINED STATEMENT OF REVENUE AND EXPENDITURE  
MANAGED BY THE  
YEARS ENDED DECEMBER 31, 1980 AND 1979

	Section 40	Section 41	Wholly Provincial	Property Management Totals	Assisted Rental Program 44(1)(a) N/A	Rent Program 44(1)(b) N/A	High Impact Grant Program	1980 Totals	1979 Totals
<b>Revenue:</b>									
Tenants' rent	\$ 8,371,381	\$ 3,690,422	\$ 877,567	\$12,941,370				\$12,941,370	\$11,552,506
Rental supplement	8,699,739	3,452,176	142,505	12,094,420				12,094,420	10,826,470
Vacancies (note 1(b))	260,753	207,328	4,019	472,100				472,100	786,535
Rental revenue (note 1(b))	17,331,873	7,349,926	1,024,091	25,507,890				25,507,890	23,165,509
Bad debt expense	(16,148)	(23,616)	(3,216)	(42,980)				(42,980)	(47,592)
Subsidy	12,639	55,927	10,428	78,994				78,994	46,906
<b>Total revenue</b>	<b>17,130,364</b>	<b>7,382,237</b>	<b>1,031,303</b>	<b>25,543,904</b>				<b>25,543,904</b>	<b>23,160,923</b>
<b>Expenditure:</b>									
Operating (note 1(b))	5,562,207	2,118,450	701,847	8,382,504				8,382,504	8,269,440
Maintenance	1,758,776	737,346	165,067	2,661,189				2,661,189	2,370,895
Painting	334,897	174,806	11,672	521,375				521,375	476,495
Appropriation and Improvement	935,431	474,749	74,599	970,910				970,910	1,913,489
Administration	1,215,727	461,742	176,258	1,853,727	\$102,664	\$ 91,448	\$ 14,336	2,051,910	2,588,716
Fire insurance	67,760	47,766	8,976	124,502				124,502	57,316
Other	31,481	12,151	630	46,262				46,262	61,636
<b>Total operating expenditure</b>	<b>9,700,319</b>	<b>3,746,495</b>	<b>1,063,386</b>	<b>14,510,198</b>				<b>14,510,198</b>	<b>15,034,393</b>
Amortization	1,148,358	618,578	14,579	1,781,515	102,664	91,448		1,985,737	1,900,000
Grants in lieu of taxes (note 6)	2,171,899	935,230	158,798	3,265,927				3,265,927	3,441,226
Tenant Association grants	10,442	1,785		12,227				12,227	27,600
Provincial Programs			1,001,733	1,001,733				1,001,733	85,307
<b>Total project and program expenditure</b>	<b>19,428,990</b>	<b>11,320,285</b>	<b>2,647,847</b>	<b>33,397,122</b>				<b>33,605,570</b>	<b>34,097,721</b>
Interest on working capital (note 2)	601,903	87,099	23,219	712,221	102,664	91,448		1,426,168	1,277,651
<b>Total expenditure</b>	<b>20,030,893</b>	<b>11,407,384</b>	<b>2,671,066</b>	<b>34,109,343</b>	<b>248,017</b>	<b>444,494</b>	<b>229,884</b>	<b>35,031,738</b>	<b>35,875,372</b>
<b>Total expenditure before interest and other income</b>	<b>2,900,529</b>	<b>4,025,147</b>	<b>1,639,763</b>	<b>8,565,439</b>	<b>248,017</b>	<b>444,494</b>	<b>229,884</b>	<b>9,487,834</b>	<b>12,714,549</b>
Interest and other income			(1,096,321)	(1,096,321)				(1,096,321)	(1,438,351)
<b>Net expenditure in excess of revenue for the year</b>	<b>\$ 2,900,529</b>	<b>\$ 4,025,147</b>	<b>\$ 543,442</b>	<b>\$ 7,465,118</b>	<b>\$ 248,017</b>	<b>\$ 444,494</b>	<b>\$ 229,884</b>	<b>\$ 8,391,513</b>	<b>\$11,276,156</b>
Province of British Columbia	\$ 755,132	\$ 2,012,524	\$ 543,442	\$ 3,281,148	\$124,009	\$222,247	\$114,942	\$ 3,742,346	\$ 3,950,073
Canada Mortgage and Housing Corporation	\$ 2,175,397	\$ 2,012,523		\$ 4,187,920	\$124,008	\$222,247	\$114,942	\$ 4,669,167	\$ 7,326,083

(See accompanying notes)

## STATEMENT 4

PROVINCE OF BRITISH COLUMBIAPROJECTS AND PROGRAMSMANAGED BY THEBRITISH COLUMBIA HOUSING MANAGEMENT COMMISSIONCOMBINED STATEMENT OF CHANGES IN FINANCIAL POSITIONYEARS ENDED DECEMBER 31, 1980 AND 1979

	<u>1980</u>	<u>1979</u>
Sources of working capital:		
Province of British Columbia		
- subsidy receipts	\$12,148,395	\$ 8,109,804
- working capital		9,603,048
Canada Mortgage and Housing Corporation		
- subsidy receipts	12,901,510	11,350,031
Increase in accounts payable		530,694
Increase in tenants' prepaid rent	41,714	
Decrease in prepaid expenses	513,186	
Increase in accrued amortization payable	489,442	
	<u>26,094,247</u>	<u>29,593,577</u>
Application of working capital:		
Operations -		
Rental supplement	12,094,420	10,826,470
Shelter supplement	9,232,175	9,018,878
Net expenditure in excess of revenue for the year	8,391,513	11,276,156
Less expenses not requiring an outlay of working capital:		
Depreciation	(34,629)	(52,067)
Amortization	<u>(5,695,344)</u>	<u>(7,131,212)</u>
Total working capital applied to operations	23,988,135	23,938,225
Province of British Columbia - repayment of working capital advances	3,193,406	
Purchase of fixed assets	174,036	295,090
Decrease in accounts payable	5,330	
Increase in accounts receivable	253,420	18,199
Increase in prepaid expenses		698,927
Decrease in accrued amortization payable		5,879,429
Decrease in tenants' prepaid rent		141,188
Prior period adjustment - Rural and Remote Program	176,734	
	<u>27,791,061</u>	<u>30,971,058</u>
Decrease in working capital	1,696,814	1,377,481
Working capital, beginning of year	<u>1,736,250</u>	<u>3,113,731</u>
Working capital, end of year	<u>\$ 39,436</u>	<u>\$ 1,736,250</u>
Working capital is represented by:		
Term deposits	\$ 550,000	\$ 2,000,000
Bank indebtedness	(510,564)	(263,750)
	<u>\$ 39,436</u>	<u>\$ 1,736,250</u>

(See accompanying notes)

PROVINCE OF BRITISH COLUMBIA  
PROJECTS AND PROGRAMS  
MANAGED BY THE  
BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 1980

1. Significant accounting policies

a) Basis of financial statement presentation -

These financial statements combine four separate financial statements of projects and programs operated by the Province of British Columbia (Ministry of Lands, Parks and Housing) and managed by the British Columbia Housing Management Commission, each of which has its own subsidy sharing agreement. The allocation of each of the subsidies is as follows:

	<u>Subsidy Share</u>	
	<u>Canada Mortgage and Housing Corporation</u>	<u>Province of British Columbia</u>
N.H.A. Section 40 properties	75%	25%
N.H.A. Section 44 properties	50%	50%
Wholly Provincial properties and Programs		100%
Rent Supplement Programs -		
Rent Supplement Program - 44(1)(b) NHA	53%	47%
Assisted Rental Program - 44(1)(a) NHA	50%	50%
High Impact Grants - 44(1)(b) NHA	20%	80%

As the subsidy sharing formulas for High Impact grants have not yet been finalized, the above subsidy share has been estimated.

The statements do not reflect the capital cost of the projects, however provisions for amortization are accrued and payable in part to the Provincial Rental Housing Corporation and in part credited to Canada Mortgage and Housing Corporation in lieu of depreciation and interest

- 2 -

on capital costs. The provisions for amortization are based on the annual payment that would be required to repay the principal and interest on the capital cost of the projects over a period of approximately fifty years. The provisions for amortization included in these financial statements are based upon calculations provided by the Province of British Columbia and by Canada Housing and Mortgage Corporation.

b) Rental revenue -

Monthly rental rates for individuals renting units in the projects are determined on a basis whereby those residents pay 25% of their income or the market value rent, whichever is less.

The Province of British Columbia and Canada Mortgage and Housing Corporation have agreed to supplement the rental revenue earned by the Projects by absorbing the difference between the rent charged to tenants and the market value rent.

The market value rent has been established by means of independent professional appraisals for each project managed by the Commission.

Rental revenue includes rental supplements determined on the above basis.

Vacancies is the amount determined by the Commission to represent rental revenue as full occupancy market value rent. An equal amount for vacancy expense is included in operating expenses.

- 3 -

## c) Fixed assets -

Fixed assets, other than the capital cost of projects, are recorded at cost and depreciated on the straight line basis as follows:

Data processing equipment - 5 years  
 Program software - 3 years

Data processing equipment consists of:

	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net book value 1980</u>	<u>Net book value 1979</u>
Data processing equipment	\$503,259	\$128,993	\$374,266	\$328,829
Program software	<u>175,699</u>	<u>77,915</u>	<u>97,784</u>	<u>3,814</u>
	<u>\$678,958</u>	<u>\$206,908</u>	<u>\$472,050</u>	<u>\$332,643</u>

2. Interest on working capital

The Province of British Columbia, through its Projects Wholly Funded account, provides working capital to the projects and programs managed by the British Columbia Housing Management Commission.

Working capital interest is charged to the programs based on their daily cash requirements at interest rates agreed to by Canada Mortgage and Housing Corporation.

3. Disaster Loss Fund

Since 1976, the Commission has utilized a self-insurance program to provide funds in the event of a major loss. The disaster loss fund is employed for all N.H.A. Section 44 projects and projects wholly funded by the Province of British Columbia. The annual increment to the fund is calculated at the rate of \$2 per unit per month. The cash balance of the fund is invested in term deposits and interest earned on these funds is added to the fund balance.

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4. Prior period adjustments

## a) Section 40 Portfolio -

Under agreement between Canada Mortgage and Housing Corporation and the Province of British Columbia, revisions were made to the accounts of the Commission to reflect changes to prior years' amortization expense for projects under Section 40 of the N.H.A. The total adjustment of \$7,954,888 represents a re-evaluation by Canada Mortgage and Housing Corporation of the appropriate date for commencement of amortization charges. This adjustment effectively restates the amortization expense to commence at the construction completion date.

The prior period adjustment of \$54,710 to the Proprietor's account represents revisions to prior years' amortization charges.

## b) Projects Wholly Funded Portfolio -

The prior period adjustment of \$176,734 represents the Province of British Columbia's share of previously unrecorded interest charges relating to the Rural and Remote Housing program.

## c) Rent Supplement Programs -

Under agreement between the Province of British Columbia and Canada Mortgage and Housing Corporation, the working capital interest expense for 1979 and 1978 has been revised, resulting in a re-apportionment of the subsidies between the Partners for these years. The adjustment relates to the following programs:

Assisted Rental Program	
Section 44(1)(a) NHA	\$107,553
Rent Supplement Program	
Section 44(1)(b) NHA	<u>238,615</u>
	<u>\$346,168</u>

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5. Shelter supplements

The Rent Supplement Program, Section 44(1)(b) NHA, provides supplements to non-profit societies which are designated as eligible to receive monthly payments for subsidy assistance. These payments represent the difference between the full recovery rents as approved by Canada Mortgage and Housing Corporation and the actual rental revenue resulting from tenants paying 25% of their income or the market value rent, whichever is less. Shelter supplements under this program amounted to \$6,217,264 for the year ended December 31, 1980 (1979 - \$6,218,856).

The High Impact Grants Program, Section 44(1)(b) NHA, provides grants to reduce the operating expenses of non-profit societies and thereby reduce the average rent required from the tenants. The maximum amount of the grant available is 10% of the total capital improvements made by the societies exclusive of land. Shelter supplements under this program amounted to \$940,605 for the year ended December 31, 1980 (1979 - \$847,219).

The Assisted Rental Program, Section 44(1)(a) NHA, provides supplements for up to 25% of the low income occupants of Assisted Rental Program buildings so that those residents pay 25% of their income or the market value rent, whichever is less. Shelter supplements under this program amounted to \$2,074,306 for the year ended December 31, 1980 (1979 - \$1,952,803).



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6. Grants in lieu of taxes

The Commission, on behalf of the Province of British Columbia and Canada Mortgage and Housing Corporation, pays each municipality a sum equivalent to property taxes for all Crown owned residential properties and developments. These payments to municipalities constitute grants in lieu of property taxes.

7. Lease commitments

The Commission has obligations under operating leases for office space as follows:

1981	\$175,000
1982	160,000
1983	150,000
1984	150,000
1985	<u>120,000</u>
	<u>\$755,000</u>

**BRITISH COLUMBIA HYDRO AND POWER AUTHORITY****British Columbia Hydro and Power Authority**

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**Management  
Report**

The financial statements of B.C. Hydro have been prepared by management in accordance with accounting principles generally accepted in Canada for public utilities consistently applied. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgement and with all information available up to May 25, 1981. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized in Note 1 of the notes to the financial statements. Financial information presented elsewhere in this Annual Report is consistent with that in the consolidated financial statements.

The Board of Directors pursues its responsibility for these financial statements principally through its Audit Committee which meets periodically with management as well as with the internal and the independent auditors who have full and free access to the Audit Committee, and meet with it to discuss auditing and financial reporting matters. Management is responsible for, and the Board of Directors has approved, all of the information in the Annual Report.

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**Report of  
the Auditors**

The Lieutenant Governor in Council,  
Province of British Columbia:

We have examined the balance sheets of British Columbia Hydro and Power Authority as at March 31, 1981 and 1980, and the statements of income and earnings employed in the business and changes in financial position for the years ended March 31, 1981, 1980 and 1979. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of British Columbia Hydro and Power Authority as at March 31, 1981 and 1980 and the results of its operations and the changes in its financial position for each of the years in the three-year period ended March 31, 1981, in accordance with generally accepted accounting principles consistently applied during the period.

Vancouver, British Columbia  
May 25, 1981

PRICE WATERHOUSE & CO.  
*Chartered Accountants*

## British Columbia Hydro and Power Authority

### Statements of Income and Earnings Employed in the Business

for the years ended March 31

	1981	1980 (in thousands)	1979
Revenues	<u>\$1,096,909</u>	<u>\$916,006</u>	<u>\$862,514</u>
Expenses:			
Salaries, wages and employee benefits	165,675	144,296	132,144
Materials and services	191,997	175,773	164,602
Grants, school taxes and water rentals	89,714	71,176	66,444
Depreciation	136,276	118,925	106,292
Interest (Note 7)	400,208	309,760	283,002
	<u>983,870</u>	<u>819,930</u>	<u>752,484</u>
Net income for the year from continuing operations (Note 11)	113,039	96,076	110,030
Loss for the year on passenger transportation operations (Notes 10 and 11)	<u>—</u>	<u>(55,918)</u>	<u>(61,407)</u>
Net income for the year before extraordinary item	113,039	40,158	48,623
Extraordinary item:			
Loss on discontinuance of passenger transportation service (Note 10)	<u>—</u>	<u>(37,900)</u>	<u>—</u>
Net income for the year	113,039	2,258	48,623
Earnings employed in the business:			
At beginning of year	<u>279,601</u>	<u>277,343</u>	<u>228,720</u>
At end of year	<u>\$ 392,640</u>	<u>\$279,601</u>	<u>\$277,343</u>

# British Columbia Hydro and Power Authority

## Balance Sheets

as at March 31

	1981	1980
	(in thousands)	
<b>FIXED ASSETS:</b>		
Fixed assets in service, at cost	\$6,690,590	\$5,991,376
Less —		
Accumulated depreciation	<u>1,198,852</u>	<u>1,063,730</u>
	5,491,738	4,927,646
Unfinished construction	<u>1,056,736</u>	<u>1,042,777</u>
	<u>6,548,474</u>	<u>5,970,423</u>
<b>CURRENT ASSETS:</b>		
Cash	1,512	1,393
Temporary investments (Note 2)	16,502	315,743
Accounts receivable and unbilled revenues	237,257	163,523
Materials and supplies, at average cost	59,333	53,632
Prepaid expenses	<u>10,840</u>	<u>1,444</u>
	<u>325,444</u>	<u>535,735</u>
<b>OTHER ASSETS:</b>		
Mortgages and other deferred accounts receivable	7,148	6,598
Insurance fund	—	5,000
Unamortized discount and expense on bonds and debentures	<u>30,661</u>	<u>30,012</u>
	<u>37,809</u>	<u>41,610</u>
	<u><u>\$6,911,727</u></u>	<u><u>\$6,547,768</u></u>

APPROVED BY THE DIRECTORS:



Charles W. Brazier, Q.C., Director



Robert W. Bonner, Q.C., Director

	1981	1980
	(in thousands)	
LONG-TERM LIABILITIES:		
Bonds and debentures (Notes 3 and 4)	\$5,324,318	\$5,175,727
Notes payable (Notes 3 and 4)	48,000	—
Deferred liabilities	50,734	35,555
	<u>5,423,052</u>	<u>5,211,282</u>
PARITY DEVELOPMENT BONDS,		
8½% Series EA due September 1, 1980	<u>—</u>	<u>25,000</u>
CURRENT LIABILITIES:		
Bank indebtedness	10,516	8,928
Accounts payable	217,997	227,670
Accrued interest	146,411	139,588
Bond and debenture payments due within one year —		
Sinking fund instalments	87,131	48,181
Maturities, less sinking fund	57,381	46,693
	<u>519,436</u>	<u>471,060</u>
CONTRIBUTIONS ARISING FROM COLUMBIA RIVER TREATY	<u>405,399</u>	<u>414,612</u>
CONTRIBUTIONS IN AID OF CONSTRUCTION	<u>171,200</u>	<u>146,213</u>
EARNINGS EMPLOYED IN THE BUSINESS	392,640	279,601
COMMITMENTS (Note 8)		
	<u>\$6,911,727</u>	<u>\$6,547,768</u>

# British Columbia Hydro and Power Authority

## Statements of Changes in Financial Position

for the years ended March 31

	1981	1980 (in thousands)	1979
<b>SOURCE OF FUNDS:</b>			
Continuing operations —			
Net income for the year	\$113,039	\$ 96,076	\$110,030
Charges not affecting current funds:			
Depreciation	136,276	118,925	106,292
Other	180	666	1,019
Funds provided by continuing operations	<u>249,495</u>	<u>215,667</u>	<u>217,341</u>
Passenger transportation operations —			
Loss for the year	—	(55,918)	(61,407)
Charges not affecting current funds:			
Depreciation	—	2,800	3,865
Funds required by passenger transportation operations	<u>—</u>	<u>(53,118)</u>	<u>(57,542)</u>
Total funds provided by operations	249,495	162,549	159,799
Bonds	325,178	563,040	473,722
Notes payable (Note 3)	48,000	—	—
Contributions in aid of construction	31,839	24,364	18,815
Return of payment in respect of litigation	—	—	36,500
Miscellaneous	36,842	(2,136)	2,610
	<u>691,354</u>	<u>747,817</u>	<u>691,446</u>
<b>APPLICATION OF FUNDS:</b>			
Fixed assets	739,902	754,800	721,611
Sinking funds —			
Instalments	47,902	48,887	43,771
Income (Note 7)	40,886	33,106	25,568
Retirement of bonds and debentures	46,693	—	7,341
Retirement of Parity Development Bonds	25,000	25,000	25,000
Extraordinary item — portion of loss on discontinuance of passenger transportation service affecting working capital	—	2,022	—
	<u>900,383</u>	<u>863,815</u>	<u>823,291</u>
Decrease in working capital*	209,029	115,998	131,845
Working capital at beginning of year*	159,549	275,547	407,392
Working capital (deficiency) at end of year*	<u>\$ (49,480)</u>	<u>\$159,549</u>	<u>\$275,547</u>

\*Exclusive of current portion of bonds and debentures and changes therein.

## Notes to Financial Statements as at March 31, 1981, 1980 and 1979

### Note 1 SIGNIFICANT ACCOUNTING POLICIES:

B.C. Hydro is a Crown corporation of the Province of British Columbia.

On September 11, 1980 the Utilities Commission Act was proclaimed establishing the British Columbia Utilities Commission and empowering it to regulate generally B.C. Hydro's electric and gas services, including rates, subject to any general or special direction of the Lieutenant Governor in Council with respect to the exercise of its powers.

In a special direction to the Commission regarding B.C. Hydro, the Lieutenant Governor in Council directed that B.C. Hydro should generate adequate funds from the efficient operation and conduct of its business to support all of its activities and debt and should achieve a financial position that allows it to borrow funds on the most economical terms available. Specifically, the direction stated that B.C. Hydro should achieve by the 1983-84 fiscal year an interest coverage ratio of 1.3:1 and should maintain that ratio thereafter so as to achieve and ultimately maintain a debt/equity ratio of 80:20.

The accounting policies of the corporation conform to accounting principles generally accepted in Canada for public utilities. A description of significant accounting policies follows.

#### *Fixed assets and depreciation —*

Fixed assets consist principally of land, water rights, storage dams, plants for the generation, transmission and distribution of electricity and gas, freight railway and rolling stock.

Fixed assets include the cost of plant financed by contributions in aid of construction and contributions arising from the Columbia River Treaty. Contributions in aid of construction are being amortized over the estimated service lives of the related assets, and the credit resulting therefrom is offset against the corresponding provision for depreciation. Contributions arising from the Columbia River Treaty are being amortized over the remaining term of the Treaty, which expires in 2025, and the credit resulting therefrom is offset against and is equal to the annual provision for depreciation of the related assets.

B.C. Hydro charges interest to unfinished construction at rates equivalent to the cost of borrowing those funds which have been expended annually on each construction project. The rate applied to expenditures in the year ended March 31, 1981 was 12.6% (1980 — 10.2%; 1979 — 9.4%).

The depreciation policy of B.C. Hydro is to charge the original cost of fixed assets to income over the estimated service lives of the assets. Depreciation is provided on all depreciable assets in service at the beginning of each year and is computed on the straight-line method. Composite rates by service were as follows:

	1981 (%)	1980 (%)	1979 (%)
Electric.....	2.59	2.61	2.56
Gas.....	2.74	2.70	2.65
Rail freight.....	3.57	3.64	3.20

#### *Insurance —*

B.C. Hydro generally follows a policy of self-insurance for damage to plant and equipment and for general liability for losses up to \$5,000,000. During the year, B.C. Hydro discontinued the maintenance of a separate insurance fund. To protect against losses in excess of \$5,000,000, B.C. Hydro carries catastrophe liability and catastrophe direct damage insurance, with a \$100,000,000 limit on the catastrophe liability insurance and a \$125,000,000 limit on the catastrophe direct damage insurance.

Insurance coverage on major projects under construction is purchased either by B.C. Hydro or by its contractors as required by B.C. Hydro. Fire insurance coverage on certain plant and equipment is also purchased to comply with trust deed requirements.

#### *Unamortized discount and expense on bonds and debentures —*

These costs are amortized by charges to income over the life of the respective issues.

#### *Foreign exchange —*

The liability for bonds and debentures payable in United States currency is translated to Canadian currency at the rates of exchange prevailing at the date the debt was incurred. Current assets and current liabilities in United States currency, including bonds and debentures payable within one year, are translated at the rate of exchange prevailing at the date of the balance sheet. Foreign exchange adjustments are included in income.



# British Columbia Hydro and Power Authority

Note 2 TEMPORARY INVESTMENTS:		1981	1980
		(in thousands)	
	Temporary investments, at lower of cost or market —		
	Deposits with banks and other financial institutions .....	\$ 4,015	\$106,967
	Notes of banks and other financial institutions .....	7,000	205,279
	Other .....	5,487	3,497
		<u>\$16,502</u>	<u>\$315,743</u>
Note 3 BONDS AND DEBENTURES:		1981	1980
		(in thousands)	
	Total bonds and debentures outstanding —		
	Payable in Canadian currency .....	\$4,503,152	\$4,253,822
	Payable in United States currency (U.S. \$1,418,800; 1980 — U.S. \$1,420,050) .....	1,442,469	1,436,509
		<u>5,945,621</u>	<u>5,690,331</u>
	Less: Sinking funds on deposit with Trustee, Minister of Finance for the Province of British Columbia .....	476,791	419,730
		<u>5,468,830</u>	<u>5,270,601</u>
	Less: Bond and debenture payments due within one year —		
	Sinking fund instalments .....	87,131	48,181
	Maturities, less sinking fund .....	57,381	46,693
		<u>144,512</u>	<u>94,874</u>
		<u>\$5,324,318</u>	<u>\$5,175,727</u>

Had the bonds and debentures payable in United States currency all been translated to Canadian currency at the rate prevailing at March 31, 1981, the liability would have been increased by approximately \$239,000,000 (1980 — \$262,000,000).

B. C. Hydro (including its predecessor companies) had 149 series of bonds and debentures outstanding at March 31, 1981 (1980 — 148). Coupon rates on these bonds and debentures range from 3¼% to 13½%. The average effective interest cost on bonds and debentures denominated in Canadian dollars outstanding at March 31, 1981 is 8.99% (1980 — 8.67%). For bonds and debentures denominated in United States dollars at March 31, 1981 the cost is 8.68% (1980 — 8.68%).

The following bonds were issued by B. C. Hydro during the year ended March 31, 1981:

Coupon Rate %	Series	Date of Maturity	Principal
12.45	WO	November 10, 2000	\$ 78,651,000
11¾	FB	June 12, 2005	100,000,000
13½	FD	January 15, 2011	150,000,000
			<u>\$328,651,000</u>

Many of the series have annual sinking fund requirements. Total bond and debenture maturity payments and sinking fund instalments of the bonds and debentures outstanding at March 31, 1981 are as follows:

March 31, 1981 are as follows:					
Year ending March 31	Principal Amount of Maturities	Estimated Funds Accumulated to Maturity Date in Sinking Funds	Cash Requirements		
			Net Debt Maturities	Sinking Funds	Total
(in millions)					
1982	\$ 134.6	\$ 77.2	\$ 57.4	\$ 87.1	\$ 144.5
1983	167.7	99.9	67.8	90.5	158.3
1984	135.6	48.2	87.4	96.6	184.0
1985	286.1	51.1	235.0	101.3	336.3
1986	115.3	91.4	23.9	98.4	122.3
	839.3	367.8	471.5	473.9	945.4
1987-1991	769.8	428.2	341.6	439.6	781.2
1992-1996	1,235.2	957.4	277.8	387.7	665.5
1997-2001	1,030.7	872.0	158.7	197.9	356.6
2002-2006	1,529.0	1,529.0	—	96.4	96.4
2007-	541.6	541.6	—	25.6	25.6
	<u>\$5,945.6</u>	<u>\$4,696.0</u>	<u>\$1,249.6</u>	<u>\$1,621.1</u>	<u>\$2,870.7</u>



*Note 3 (continued):*

Net debt maturities represent gross debt maturities minus estimated sinking funds at maturity, based on assumed earnings of 10% on existing sinking fund investments and future sinking fund instalments, and estimated discounts on anticipated purchases of bonds subject to annual mandatory redemption.

Prior to March 31, 1981, B.C. Hydro had arranged for the issue of \$100,000,000 of 14½% Series FC bonds, due April 14, 2006, which were issued in April 1981. Part of the proceeds of this issue was used to repay \$48,000,000 of short-term notes payable outstanding at March 31, 1981, therefore, these short-term notes have been included with long-term liabilities in the accompanying balance sheet. Also in April 1981, B.C. Hydro issued the following securities:

	Coupon Rate %	Date of Maturity	Principal
Series FF Notes	14½	April 15, 1991	U.S. \$150,000,000
Series FG Bonds	15	April 15, 2011	<u>250,000,000</u>
			<u>U.S. \$400,000,000</u>

Note 4  
GUARANTEE BY  
PROVINCE OF  
BRITISH COLUMBIA:

The Government of the Province of British Columbia has unconditionally guaranteed the principal of and premium, if any, and interest on B.C. Hydro's bonds, debentures and notes payable.

Note 5  
PAYMENT  
IN RESPECT OF  
LITIGATION:

A lawsuit started on July 17, 1967 in the Supreme Court of British Columbia by the contractors constructing the underground powerhouse and associated works at Gordon M. Shrum Generating Station, alleging breach of contract, was settled on August 4, 1978 by direct payment to the contractors of \$33,950,000. This amount was capitalized as part of the cost of construction and included in fixed assets. The \$36,500,000 previously paid into Court by B.C. Hydro was then returned.

Note 6  
PENSION  
PLANS:

Employees of B.C. Hydro are covered under contributory pension plans. It is B.C. Hydro's practice to obtain periodic actuarial valuations of the plans for purposes of determining annual pension costs and funding requirements. Current service costs are provided for and funded when incurred. Past service pension costs and accrued deficits arising from plan amendments, changes in actuarial assumptions and indexing supplements to existing pensioners are provided for and funded over periods and in amounts recommended by the actuary.

An actuarial report prepared as of December 31, 1979 indicated an evaluated accrued deficit in the principal plan as of that date of approximately \$41,000,000. It is estimated that the deficit has remained substantially unchanged through December 31, 1980. The deficit arose principally as a result of plan improvements introduced over the years, including minimum pension benefit provisions for present members and indexed supplements to existing pensioners. It is being funded, principally, by continuation of payments of \$3,061,000 per annum until 1999.

During the year to March 31, 1981 those employees of B.C. Hydro who had been associated with the urban transit operations were transferred to the Metro Transit Operating Company. The Lieutenant Governor in Council has issued a regulation whereby the pension rights, including appropriate pension funds, are to be transferred from existing pension plans to the Public Service Superannuation Fund. Although this transfer has not been finalized, an actuarial report prepared on the transfer indicates that there will be no significant effect upon the information shown above.

The total cost to B.C. Hydro's continuing operations in respect of pension plans, including its share of Canada Pension Plan costs, for the year ended March 31, 1981 was \$21,886,000 (1980 — \$18,508,000; 1979 — \$16,823,000), of which \$12,497,000 (1980 — \$10,508,000; 1979 — \$9,641,000) was charged to income.

## British Columbia Hydro and Power Authority

Note 7 INTEREST:	Interest and other financing expenses for the three years ended March 31, 1981 comprise the following:		
	1981	1980 (in thousands)	1979
Interest on bonds and debentures . . . . .	\$529,267	\$467,004	\$423,360
Amortization of discount and expense . . . . .	2,868	2,654	2,574
Exchange adjustment on U.S. debt due within one year . . . . .	7,304	—	—
Other interest . . . . .	3,197	1,481	1,196
	<u>542,636</u>	<u>471,139</u>	<u>427,130</u>
Less:			
Income from sinking fund investments held by Trustee . . . . .	40,886	33,106	25,568
Income from temporary investments . . . . .	23,141	30,208	42,629
Interest charged to construction . . . . .	78,401	94,833	72,790
Interest (net) charged to passenger transportation operations . . . . .	—	3,232	3,141
	<u>142,428</u>	<u>161,379</u>	<u>144,128</u>
	<u>\$400,208</u>	<u>\$309,760</u>	<u>\$283,002</u>

Note 8  
COMMITMENTS: Purchase commitments and contracts of B.C. Hydro for capital projects aggregated approximately \$1,005,000,000 at March 31, 1981.

Note 9  
SALES OF SURPLUS  
ELECTRICITY: Revenues for the year ended March 31, 1981 include \$74,445,000 from sales of surplus electricity to the United States (1980 — \$38,757,000; 1979 — \$34,466,000).

Note 10  
PASSENGER  
TRANSPORTATION: In accordance with the provisions of the Urban Transit Authority Act and the Metro Transit Operating Company Act and with the written directions of the Minister of Municipal Affairs issued under the latter Act, B.C. Hydro discontinued its public passenger transportation service effective April 1, 1980 and has transferred to the Urban Transit Authority and the Metro Transit Operating Company its interest in those assets identified in the directions. B.C. Hydro is being reimbursed for the costs of services provided to the Metro Transit Operating Company.

The estimated loss to B.C. Hydro resulting from the discontinuance of the passenger transportation service, amounting to \$37,900,000, has been shown as an extraordinary item in the statement of income and earnings employed in the business for the year ended March 31, 1980. Passenger transportation revenues and expenses for the years ended March 31, 1980 and 1979 have been combined and the net loss for each year shown as "loss for the year on passenger transportation operations" on the statements of income and earnings employed in the business. Sources and applications of funds pertaining to passenger transportation operations have been shown separately on the statements of changes in financial position. The passenger transportation assets, which comprised mainly fixed assets and inventories, have been included at a nominal value with accounts receivable at March 31, 1980. Particulars on passenger transportation revenues, expenses and assets appear in Note 11.

Note 11  
SEGMENT  
INFORMATION: B.C. Hydro is engaged in the operation of three principal continuing services: generation, transmission and distribution of electricity; distribution of gas; and provision of a railway freight service. Until March 31, 1980, the corporation was also engaged in the operation of a passenger transportation service (Note 10).

Most expenses are directly attributable to specific segments. Common expenses are allocated among the segments using appropriate bases established by regular review and analysis. Revenues and expenses include transactions between continuing services and passenger transportation.

Identifiable assets are those assets that are used in each segment's operations. Corporate assets are principally temporary investments and unamortized discount and expense on bonds and debentures.

Note 11 (continued):

Page 11 (continued)

Year ended March 31, 1981 (in millions)	Electric	Gas	Rail Freight	Sundry	Combined
Revenues	\$ 881.7	\$185.0	\$25.2	\$ 5.0	\$1,096.9
Expenses:					
Salaries, wages and employee benefits	128.6	26.5	10.6	—	165.7
Materials and services	66.4	119.7	5.9	—	192.0
Grants, school taxes and water rentals	83.4	5.1	1.2	—	89.7
Depreciation	125.4	9.1	1.8	—	136.3
Total expenses	403.8	160.4	19.5	—	583.7
Operating income before interest	477.9	24.6	5.7	5.0	513.2
Interest (Note 7)	372.8	23.8	2.7	.9	400.2
Net income for the year	\$ 105.1	\$ .8	\$ 3.0	\$ 4.1	\$ 113.0
Identifiable assets as at March 31, 1981	\$6,449.5	\$344.2	\$50.6	\$13.8	\$6,858.1
Corporate assets as at March 31, 1981					53.6
Total assets as at March 31, 1981					\$6,911.7
Expenditures on fixed assets	\$ 694.8	\$ 44.1	\$ .6	\$ .4	\$ 739.9

Year ended March 31, 1980 (in millions)	Electric	Gas	Rail Freight	Sundry	Continuing Operations Combined	Passenger Transportation (Note 10)
Revenues	\$ 717.4	\$172.6	\$23.5	\$ 2.5	\$ 916.0	\$ 40.5
Expenses:						
Salaries, wages and employee benefits	112.5	22.3	9.5	—	144.3	77.7
Materials and services	63.3	106.9	5.6	—	175.8	11.5
Grants, school taxes and water rentals	65.4	4.3	1.5	—	71.2	1.2
Depreciation	109.0	8.2	1.7	—	118.9	2.8
Total expenses	350.2	141.7	18.3	—	510.2	93.2
Operating income before interest	367.2	30.9	5.2	2.5	405.8	(52.7)
Interest (Note 7)	284.8	20.8	3.2	.9	309.7	3.2
Net income (loss) for the year before extraordinary item	\$ 82.4	\$ 10.1	\$ 2.0	\$ 1.6	\$ 96.1	\$(55.9)
Identifiable assets as at March 31, 1980	\$5,814.9	\$305.1	\$50.6	\$14.1	\$6,184.7	
Corporate assets as at March 31, 1980					363.1	
Total assets as at March 31, 1980					\$6,547.8	
Expenditures on fixed assets	\$ 726.4	\$ 26.9	\$ 1.5	\$ —	\$ 754.8	

Year ended March 31, 1979 (in millions)	Electric	Gas	Rail Freight	Sundry	Continuing Operations Combined	Passenger Transportation (Note 10)
Revenues	\$ 670.5	\$170.1	\$20.7	\$ 1.2	\$ 862.5	\$44.2
Expenses:						
Salaries, wages and employee benefits	102.3	20.8	9.1	—	132.2	81.1
Materials and services	53.5	106.3	4.8	—	164.6	16.4
Grants, school taxes and water rentals	61.3	3.7	1.4	—	66.4	1.1
Depreciation	97.6	7.4	1.3	—	106.3	3.9
Total expenses	314.7	138.2	16.6	—	469.5	102.5
Operating income before interest	355.8	31.9	4.1	1.2	393.0	(58.3)
Interest (Note 7)	260.5	18.9	2.7	.9	283.0	3.1
Net income (loss) for the year	\$ 95.3	\$ 13.0	\$ 1.4	\$ .3	\$ 110.0	\$(61.4)
Identifiable assets as at March 31, 1979	\$5,210.0	\$287.0	\$52.0	\$11.5	\$5,560.5	\$ 43.7
Corporate assets as at March 31, 1979					434.3	—
Total assets as at March 31, 1979					\$5,994.8	\$ 43.7
Expenditures on fixed assets	\$ 686.1	\$ 24.2	\$ 7.4	\$ .8	\$ 718.5	\$ 3.1

# British Columbia Hydro and Power Authority

## Financial Statistics (in millions) years ended March 31

Sources of Revenue	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971
Electric	\$ 881.7	717.4	670.5	611.2	466.9	344.5	299.5	270.0	236.9	213.2	194.6
Gas	185.0	172.6	170.1	135.9	104.5	89.5	77.9	60.9	55.4	51.9	47.7
Rail freight	25.2	23.5	20.7	18.3	16.5	15.1	13.8	12.5	11.2	10.9	8.7
Sundry	5.0	2.5	1.2	0.3	0.9	2.1	0.3	0.3	0.2	0.2	0.4
Provincial Government special subsidy	—	—	—	—	32.6	32.6	—	—	—	—	—
Total	<u>\$1,096.9</u>	<u>916.0</u>	<u>862.5</u>	<u>765.7</u>	<u>621.4</u>	<u>483.8</u>	<u>391.5</u>	<u>343.7</u>	<u>303.7</u>	<u>276.2</u>	<u>251.4</u>
Disposition of Revenue											
Salaries, wages and employee benefits	\$ 165.7	144.3	132.2	125.7	114.5	103.5	79.1	60.4	51.3	47.8	40.9
Materials and services	192.0	175.8	164.6	138.9	107.7	91.4	78.6	69.5	47.5	46.1	41.1
Grants, school taxes and water rentals	89.7	71.2	66.4	53.4	45.4	38.9	28.4	24.7	21.9	19.7	18.3
Depreciation	136.3	118.9	106.3	97.3	78.3	70.4	63.5	59.9	56.0	51.3	48.4
Interest charged to operations	400.2	309.7	283.0	261.6	186.9	142.0	116.0	104.0	100.3	90.4	83.0
Total	<u>983.9</u>	<u>819.9</u>	<u>752.5</u>	<u>676.9</u>	<u>532.8</u>	<u>446.2</u>	<u>365.6</u>	<u>318.5</u>	<u>277.0</u>	<u>255.3</u>	<u>231.7</u>
Loss on passenger transportation operations	—	55.9	61.4	61.3	50.0	36.3	21.5	10.0	4.7	3.5	3.0
	<u>983.9</u>	<u>875.8</u>	<u>813.9</u>	<u>738.2</u>	<u>582.8</u>	<u>482.5</u>	<u>387.1</u>	<u>328.5</u>	<u>281.7</u>	<u>258.8</u>	<u>234.7</u>
Loss on discontinuance of passenger transportation operations	—	37.9	—	—	—	—	—	—	—	—	—
Employed in the business	113.0	2.3	48.6	27.5	38.6	1.3	4.4	15.2	22.0	17.4	16.7
Total	<u>\$1,096.9</u>	<u>916.0</u>	<u>862.5</u>	<u>765.7</u>	<u>621.4</u>	<u>483.8</u>	<u>391.5</u>	<u>343.7</u>	<u>303.7</u>	<u>276.2</u>	<u>251.4</u>
Fixed Assets											
Fixed assets in service, at cost	\$6,690.6	5,991.3	5,339.3	4,920.5	4,541.3	3,606.7	3,254.4	3,002.3	2,887.1	2,423.8	2,242.2
Accumulated depreciation	1,198.9	1,063.7	980.5	877.9	784.3	706.1	634.1	568.7	511.9	463.5	417.2
	<u>\$5,491.7</u>	<u>4,927.6</u>	<u>4,358.8</u>	<u>4,042.6</u>	<u>3,757.0</u>	<u>2,900.6</u>	<u>2,620.3</u>	<u>2,433.6</u>	<u>2,375.2</u>	<u>1,960.3</u>	<u>1,825.0</u>
Bonds and Debentures — Net	\$5,324.3	5,175.7	4,739.5	4,337.5	3,604.7	2,990.3	2,514.7	2,055.1	1,862.4	1,726.4	1,588.3
Expenditures on Fixed Assets	\$ 739.9	754.8	721.6	641.1	548.5	590.5	463.8	332.3	230.2	217.9	216.0

## BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY



Province of  
British Columbia

Office of the  
Auditor General  
Province of British Columbia

8 Bastion Square  
Victoria  
British Columbia  
V8V 1X4

## AUDITOR'S REPORT

To the Chairman and Members of the Board of Governors of the  
British Columbia Institute of Technology, and

To the Minister of Education  
Province of British Columbia:

I have examined the balance sheet of the British Columbia Institute of Technology as at 31 March 1981 and the statement of revenue and expenditure and changes in fund balances for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Institute as at 31 March 1981 and the results of its operations and the changes in its fund balances for the year then ended in accordance with generally accepted accounting principles, as modified by note 1(a) to the financial statements, applied on a basis consistent with that of the preceding year.

A handwritten signature in cursive script, reading "Erma Morrison".

Erma Morrison, C.A.  
Auditor General

Victoria, British Columbia  
17 June 1981

## BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY

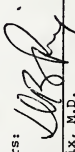
EXHIBIT A

BALANCE SHEET  
as at March 31, 1981

ASSETS		LIABILITIES AND FUND BALANCES	
OPERATING FUNDS		OPERATING FUNDS	
Cash and term deposits	1981	Accounts payable and accrued liabilities	1981
Accounts receivable	\$ 5,323,098	Accounts payable to the Province of	\$ 6,093,287
Accounts receivable from the Province	597,795	British Columbia	\$4,591,069
of British Columbia		Deferred income	300,195
Inventories	156,586	Ad-ance from scholarship, bursary and	287,725
Prepaid expenses	421,791	student loan funds	125
Advance to capital fund	33,648	General purpose fund (Exhibit B)	5,186,708
	516,781	Specific purpose fund (Exhibit B)	(5,986)
			765,796
			\$5,946,516
	\$ 7,049,699		\$ 7,049,699
SCHOLARSHIP, BURSARY AND STUDENT LOAN FUNDS		SCHOLARSHIP, BURSARY AND STUDENT LOAN FUNDS	
Cash and term deposits	\$ 416,990	Bursaries payable	\$ 11,850
Accounts receivable	70,918	Advance from Burnaby General Hospital	300,000
Student loans receivable	155,053		300,000
Bonds (Note 2)	13,930	Scholarship and bursary fund	348,144
Advance to operating funds	28,906		375,801
	291,338	Student loan fund (Exhibit B)	37,180
	125		412,981
	\$ 793,176		\$ 793,176
CAPITAL FUND		CAPITAL FUND	
Cash	\$ 11,675	Bank loans (Note 8)	\$ 825,000
Accounts receivable from the Province		Accounts and holdbacks payable	58,872
of British Columbia	837,337	Advance from operating funds	516,781
Loans receivable (Note 3)	48,608	Mortgage payable (Note 7)	2,508,864
Buildings and improvements (Note 4, 5, & 7)	3,359,442	Investment in buildings, improvements	7,538,040
Equipment (Note 6)	5,608,687	and equipment (Exhibit B)	(503,034)
Construction in progress	1,078,774	Capital fund	\$10,944,523
	\$7,890,258		\$7,890,258

The ten accompanying notes are an integral part of these financial statements.

Approved by the Board of Governors:

  
 D. B. Rix, M.D.  
 Chairman, Board of Governors

  
 D. M. Macpherson, C.A.  
 Vice Principal, Administration  
 and Bursar



## EXHIBIT B

## BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY

## STATEMENT OF REVENUE AND EXPENDITURE AND CHANGES IN FUND BALANCES

for the year ended March 31, 1981

	Operating Funds		Scholarship, Bursary and Student Loan Funds		Capital Fund	Total Funds	1980
	General Purpose	Specific Purpose	Total				
REVENUE -							
Province of British Columbia							
Operating Grant	\$30,860,132		\$30,860,132			\$30,860,132	\$27,828,800
Capital Grant					\$2,111,079	2,111,079	1,001,794
Other grants and recoveries	421,658	\$488,118	909,776		21,804	931,580	980,817
Student fees	5,526,757	153,940	5,680,697			5,680,697	4,669,968
Investment income	613,670	90,569	704,239				595,123
Gifts and donations				\$ 84,930	32,235	821,404	943,394
				430,350		430,350	
	37,422,217	732,627	38,154,844	515,280	2,165,118	40,835,242	36,019,896
EXPENDITURE -							
Technological							
Library	27,560,595	364,062	27,924,657			27,924,657	24,154,833
Student services	1,606,450	19,775	1,626,225			1,626,225	1,510,564
Plant maintenance	2,395,875	161,318	2,557,193			2,557,193	2,164,517
Administration and general	2,900,926		2,900,926			2,900,926	2,719,315
Buildings, improvements and equipment	3,421,420		3,421,420			3,421,420	2,956,045
Scholarships and bursaries		13,045	13,045		2,530,676	2,543,721	2,276,549
				446,935		446,935	746,741
Ancillary enterprises	37,885,266	558,200	38,443,466		2,530,676	41,421,077	36,528,564
				102,694		102,694	206,767
	37,987,960	558,200	38,546,160			41,523,771	36,735,331
Excess of Revenue over Expenditure	(565,743)	174,427	(391,316)	68,345	(365,558)	(688,529)	(715,435)
Proceeds from mortgage							16,782
Interfund transfer (Note 9)	(51,712)	51,712					23,563
Appropriation of funds							
Fund balances, beginning of year	(5,988)	765,796	759,808		(137,476)	1,035,313	1,710,403
(Exhibit A)							
Fund balances, end of year (Exhibit A)	\$ (623,443)	\$991,935	\$ 368,492	\$481,326	\$ (503,034)	\$ 346,784	\$ 1,035,313

BRITISH COLUMBIA INSTITUTE OF TECHNOLOGYNOTES TO FINANCIAL STATEMENTSMARCH 31, 1981Note 1. Accounting Policies

## a) General

These financial statements have been prepared in accordance with generally accepted accounting principles except that no provision is made for amortization and depreciation on improvements, buildings and equipment.

## b) Fund Accounting

The transactions of the Institute are accounted for by fund accounting procedures. Under these procedures, available resources and their related expenditures are accounted for in separate funds in accordance with objectives specified by donors, limitations and restrictions imposed by sources outside the Institute, and determinations made by the Board of Governors. In the financial statements, funds with similar characteristics have been combined into major fund divisions which are described below:

- i) General Purpose Operating - those revenues and expenditures used in the general operation of the Institute.
- ii) Specific Purpose Operating - amounts appropriated from the General Purpose Operating Funds to meet anticipated expenditures. Donations for specific projects are also included.
- iii) Scholarship, Bursary and Student Loan - amounts received and used for the purpose described.
- iv) Capital - amounts received and used for the acquisition of capital assets.
- c) Inventories consist of general supplies, books and food, recorded at the lower of cost and net realizable value.
- d) Improvements, buildings and equipment purchases are recorded at cost. Equipment with a unit value of less than \$250 is charged as an expense of the capital fund in the year acquired.
- e) All books and periodicals of the Library are charged as an expense in the year acquired.
- f) The portion of course fees relating to courses after March 31, 1981 is recorded as deferred income.
- g) Bonds are recorded at cost. Gains and losses on sale of bonds are recognized in the year of disposal.
- h) Ancillary enterprise operations do not include certain administrative overhead costs.



BRITISH COLUMBIA INSTITUTE OF TECHNOLOGYNOTES TO FINANCIAL STATEMENTSMARCH 31, 1981Note 2. Bonds

The Institute acquired Government of Canada Bonds in 1980. Interest is earned at 11 3/4% per annum on the face amount paid semi-annually on February 1 and August 1 each year. These bonds mature February 1, 2003.

	<u>1981</u>	<u>March 31</u>	<u>1980</u>
Face Amount	\$310,000		\$310,000
Cost	\$291,338		\$291,338
Market Value	\$268,925		\$270,475

Note 3. Loan Receivable

By agreement, the Institute has financed certain improvements at the Downtown Educational Centre on behalf of Capilano College. The principal amount is to be repaid monthly over the remaining term of the original lease period (see Note 5) and interest is to be paid monthly at the bank prime rate to the Institute, on the unpaid balance.

Note 4. Land, Buildings and Improvements

All Willingdon campus land and buildings occupied by the Institute, with exception of the student residences and biological sciences laboratory, is the property of the British Columbia Buildings Corporation. Land and buildings are provided free of charge.

The student on campus residence is owned by the Institute (Note 7) on land leased from the Province of British Columbia at \$25 per annum terminating October, 2037.

BRITISH COLUMBIA INSTITUTE OF TECHNOLOGYNOTES TO FINANCIAL STATEMENTSMARCH 31, 1981Note 5. Leases

The Downtown Education Centre space is leased until August 31, 1985 with an option to renew for a further term of 5 years. Under the lease agreements, the Institute will incur rental expenses of \$17,158 per month, ending August 31, 1985. Upon exercising the option to renew, the rent payable under the lease is to be negotiated. The rents paid under this lease amounted to \$67,664 for the period ended March 31, 1981.

Note 6. Acquisition of Equipment

All equipment acquired prior to April 1, 1975 for use by the Institute was previously owned by the Province of British Columbia. During the year ended March 31, 1978, title was transferred at no cost to the Institute. This equipment is recorded at the nominal value of \$1. For insurance purposes, it was valued by an independent appraiser at \$10,777,522 as at April 1, 1975.

Note 7. Mortgage Payable

The student on campus residence is financed by a 9% fixed rate mortgage, repayable at \$19,721 (principal and interest) per month for the remaining term of the mortgage maturing August, 2027. The current portion of the long term debt was \$2,800 and \$2,582 at March 31, 1981 and March 31, 1980 respectively.

BRITISH COLUMBIA INSTITUTE OF TECHNOLOGYNOTES TO FINANCIAL STATEMENTSMARCH 31, 1981Note 8. Bank Loans

Bank loans are payable on demand at the prime bank lending rate under the provisions of the British Columbia Educational Institutions Capital Financing Authority Act as follows:

	<u>March 31</u>	
	<u>1981</u>	<u>1980</u>
Planning Fees for Broadcast Laboratory	\$ 15,000	\$ 5,000
Construction of Biological and Mechanical Laboratories	405,000	
Major Renovations and Public Works 1979/80	210,000	58,000
Electrical Service Installation to Student Residences	70,000	7,000
Combined Shortfall and Major Campus Renovations	70,000	
Replacement of PEMC Portable Buildings	<u>55,000</u>	<u>          </u>
	<u>\$825,000</u>	<u>\$70,000</u>

BRITISH COLUMBIA INSTITUTE OF TECHNOLOGYNOTES TO FINANCIAL STATEMENTSMARCH 31, 1981

## Note 9. Interfund Transfers

In accordance with resolutions of the Board of Governors, the amount of \$51,712 has been transferred from the General Purpose Fund to the Specific Purpose Fund to provide for replacement of residence furniture and equipment and for repairs and maintenance.

Note 10. Certain of the 1980 comparative figures have been restated to conform with the presentation adopted for the current year. These restatements have no effect on the excess of revenue over expenditure or fund balances.

Schedule 1

## BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY

## SCHEDULE OF REVENUE

for the year ended March 31, 1981

	Government Operating Grant	Government Capital Grant	Other Grants & Recoveries	Student Fees	Investment Income	Gifts & Donations	Total Funds	1980
<b>REVENUE</b>								
Fees - Day School				\$2,178,283			\$ 2,178,283	\$ 1,922,027
- Continuing Education and Industry Services				3,502,414			3,502,414	2,747,941
Province of British Columbia	\$30,860,132						32,971,211	28,830,594
Province of British Columbia through Burnaby General Hospital								
Business, Industry, Government and Individual grants and donations			\$909,776			\$289,612	289,612	607,472
Interest					\$821,404	140,738	1,050,514	1,226,900
Other revenue			21,804				21,804	595,123
								89,839
<b>Total</b>	<b>\$30,860,132</b>	<b>\$2,111,079</b>	<b>\$931,580</b>	<b>\$5,680,697</b>	<b>\$821,404</b>	<b>\$430,350</b>	<b>\$40,835,242</b>	<b>\$36,019,896</b>
<b>SUMMARY</b>								
General purpose fund	\$30,860,132		\$421,658	\$5,526,757	\$613,670		\$37,422,217	\$33,121,648
Specific purpose fund			488,118	153,940	90,569		732,627	808,831
Total operating funds	30,860,132		909,776	5,680,697	704,239		38,154,844	33,930,479
Scholarship, bursary and student loan funds					84,930	\$430,350	515,280	987,930
Capital funds		\$2,111,079	21,804		32,235		2,165,118	1,101,487
Total funds	<b>\$30,860,132</b>	<b>\$2,111,079</b>	<b>\$931,580</b>	<b>\$5,680,697</b>	<b>\$821,404</b>	<b>\$430,350</b>	<b>\$40,835,242</b>	<b>\$36,019,896</b>

Schedule 2

## BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY

## SCHEDULE OF EXPENDITURE

for the year ended March 31, 1981

EXPENDITURE	Technological	Library	Student Services	Plant Maintenance	Administration & General	Scholarships, Bursaries & Student Loan Funds	Buildings, Improvements & Equipment	Total Funds	1980
Salaries and wages	\$23,407,769	\$ 956,814	\$1,783,513	\$ 554,654	\$2,116,357			\$28,819,107	\$25,050,547
Employee benefits	1,967,182	89,598	151,547	56,029	332,324			2,596,680	2,149,640
Travel	351,176	1,450	80,196	7,814	48,633			489,269	406,666
Expendable supplies	670,450	40,226	89,542	74,625	185,519			1,060,362	902,460
Equipment									
Expendable							\$ 304,228	304,228	325,894
Major							1,157,488	1,157,488	1,910,310
Buildings and improvements							1,009,957	1,009,957	40,345
Rentals and leases									
General	201,344	8,610	26,184	26,006	30,533			292,677	232,843
Computer	244,054	98,862	208,779		76,918			628,612	575,884
Maintenance and repair	181,708	11,043	28,576	34,898	22,931			279,156	598,423
Books and periodicals	88,559	375,487	11,845	982	6,357			483,230	471,191
Printing and copying	385,041	9,225	18,880	6,690	76,358			496,194	403,765
Insurance					75,315			75,315	56,090
Professional fees	16,462		21,302	89,174	134,168			261,106	238,858
Contract services	34,706	7,501	9,680	1,952,588	4,676	\$440,900		2,009,151	1,714,187
Student awards						6,035		440,900	742,838
Other expenditures	376,206	27,409	127,150	97,466	311,331		72,048	1,017,645	708,623
Total	\$27,924,657	\$1,626,225	\$2,557,193	\$2,900,926	\$3,421,420	\$446,935	\$2,543,721	\$41,421,077	\$36,528,564
SUMMARY									
General purpose fund	\$27,560,595	\$1,606,450	\$2,395,875	\$2,900,926	\$3,421,420		\$ 13,045	\$37,885,266	\$32,807,997
Specific purpose fund	364,062	19,775	161,318					558,200	771,761
Total operating funds	27,924,657	1,626,225	2,557,193	2,900,926	3,421,420		13,045	38,443,466	33,579,758
Scholarship, bursary and student loan funds						\$446,935			446,935
Capital fund							2,530,676	2,530,676	2,202,065
Total funds	\$27,924,657	\$1,626,225	\$2,557,193	\$2,900,926	\$3,421,420	\$446,935	\$2,543,721	\$41,421,077	\$36,528,564

BRITISH COLUMBIA INSTITUTE OF TECHNOLOGYSchedule 3SCHEDULE OF TECHNOLOGICAL EXPENDITURESfor the year ended March 31, 1981

	<u>Salaries Wages</u>	<u>Employee Benefits</u>	<u>Supplies Expenses</u>	<u>Total</u>	<u>1980</u>
<u>BUSINESS MANAGEMENT DIVISION</u>					
Dean's Office	\$ 125,717	\$ 12,378	\$ 39,327	-\$ 177,422	\$ 138,644
Administrative Management	818,589	80,565	37,939	937,093	843,090
Broadcast Communications	541,019	56,740	86,657	684,416	595,881
Computer Programming & Systems	641,473	66,155	43,491	751,119	692,440
Financial Management	743,650	67,611	20,922	832,183	747,882
Hospitality & Tourism Admin.	433,837	40,736	79,785	554,358	494,929
Marketing Management	561,330	53,531	41,652	656,513	557,569
Operations Management	644,206	63,992	26,275	734,473	625,601
	<u>4,509,821</u>	<u>441,708</u>	<u>376,048</u>	<u>5,327,577</u>	<u>4,696,036</u>
<u>ENGINEERING DIVISION</u>					
Dean's Office	115,168	11,303	27,092	153,563	148,467
Biological Sciences	402,611	40,813	55,976	499,400	463,931
Building	464,894	47,316	21,338	533,548	497,094
Chemical & Metallurgical	268,440	29,205	40,665	338,310	310,192
Civil & Structural	385,350	39,807	17,875	443,032	416,103
Electrical, Electronics and Instrumentation	1,111,840	109,452	83,338	1,304,630	1,193,560
Forest Resource	804,574	83,661	108,402	996,637	930,488
Forest Products	204,940	19,226	32,091	256,257	245,332
Mechanical	640,383	65,015	27,516	732,914	667,630
Mining	77,377	8,029	6,036	91,442	71,248
Natural Gas & Petroleum	75,630	8,044	6,221	89,895	110,248
Surveying	526,352	52,707	36,867	615,926	572,059
Recreational Facilities Management	42,163	4,811	4,213	51,187	27,949
	<u>5,119,722</u>	<u>519,389</u>	<u>467,630</u>	<u>6,106,741</u>	<u>5,654,301</u>
<u>HEALTH DIVISION</u>					
Dean's Office	120,060	12,708	9,691	142,459	126,043
Basic Health Sciences	330,486	30,742	10,410	371,638	321,339
Health Engineering Services	63,063	5,997	5,892	74,952	78,094
Medical Laboratory Services	666,717	62,478	57,159	786,354	740,181
General Nursing Services	1,140,001	102,544	49,657	1,292,202	1,120,002
Psychiatric Nursing Services	872,235	84,602	35,358	992,195	879,479
Nuclear Medicine	96,204	7,452	27,784	131,440	131,616
Environmental Health	159,842	15,705	12,929	188,476	165,971
Prosthetics & Orthotics	41,588	2,793	19,104	63,485	1,144
Diagnostic Medical Sonography	23,048	856	7,787	31,691	
Medical Radiography	325,195	30,336	22,699	378,230	341,363
Biomedical Electronics	166,142	14,281	18,100	198,523	178,313
	<u>4,004,581</u>	<u>370,494</u>	<u>276,570</u>	<u>4,651,645</u>	<u>4,083,545</u>
<u>CORE DIVISION</u>					
Dean's Office	115,641	10,775	16,294	142,710	129,556
Chemistry	442,695	45,330	57,005	545,030	514,664
English	1,005,016	91,964	46,255	1,143,235	1,097,927
Mathematics	685,745	67,184	18,472	771,401	733,673
Physics	591,764	58,052	28,831	678,647	629,281
B.C.I.T. Preparatory Program	38,765	704	1,342	40,811	57,452
	<u>2,879,626</u>	<u>274,009</u>	<u>168,199</u>	<u>3,321,834</u>	<u>3,162,553</u>
<u>OTHER</u>					
Continuing Education and Industry Services	4,307,049	205,725	744,092	5,256,866	4,375,295
Computer Centre	306,553	29,807	312,011	648,371	517,008
Audio Visual	322,066	31,855	28,586	382,507	370,674
Technological Services	135,484	13,169	12,708	161,361	170,042
Vice Principal - Education Office	84,877	8,514	37,274	130,665	101,810
Leaves of Absence	531,680	58,605	18	590,303	617,871
Specific Purpose	223,585	13,908	126,569	364,062	405,698
Employee Vacation and Termination Pays	316,827			316,827	*
Provision for Salary Increases	665,898			665,898	
	<u>6,894,019</u>	<u>361,583</u>	<u>1,261,258</u>	<u>8,516,860</u>	<u>6,558,398</u>
Total (Schedule 2)	<u>\$23,407,769</u>	<u>\$1,967,183</u>	<u>\$2,549,705</u>	<u>\$27,924,657</u>	<u>\$24,154,833</u>

\* In 1980, Employee Vacation included in Salaries Wages for each technology.





**BRITISH COLUMBIA LIQUOR DISTRIBUTION BRANCH**

REPORT OF THE COMPTROLLER GENERAL

The financial statements of the British Columbia Liquor Distribution Branch have been prepared from, and accurately reflect, the financial records of the Government of British Columbia. While these statements have not been audited, they do form part of the accounts of the Consolidated Revenue Fund which has been audited.

D.R. Alexander  
Comptroller General

Victoria, British Columbia  
September 29, 1981

## BRITISH COLUMBIA LIQUOR DISTRIBUTION BRANCH

## BALANCE SHEET as at March 31, 1981

## ASSETS

	<u>1981</u>	<u>1980</u>
CURRENT ASSETS		
Cash (note 2)	\$ 48,354	\$ 1,576,061
Accounts receivable	702,657	309,470
Inventories	<u>28,741,009</u>	<u>26,244,301</u>
	<u>29,492,020</u>	<u>28,129,832</u>
FIXED ASSETS, at cost (note 3)	18,795,875	11,608,624
Less accumulated depreciation	<u>8,988,100</u>	<u>7,662,968</u>
	<u>9,807,775</u>	<u>3,945,656</u>
	<u>\$39,299,795</u>	<u>\$32,075,488</u>

## LIABILITIES

## CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$34,820,388	\$26,207,071
--	--------------	--------------


## PROVINCE OF BRITISH COLUMBIA

Working capital advance	<u>4,479,407</u>	<u>5,868,417</u>
	<u>\$39,299,795</u>	<u>\$32,075,488</u>

Commitments (note 5)

The accompanying notes are an integral part of these financial statements.

  
 General Manager

  
 Director of Finance

BRITISH COLUMBIA LIQUOR DISTRIBUTION BRANCH  
STATEMENT OF INCOME FOR THE YEAR ENDED MARCH 31, 1981

	<u>1981</u>	<u>1980</u>
Sales (note 4)	\$694,018,790	\$565,617,104
Cost of merchandise sold	<u>370,994,246</u>	<u>304,899,082</u>
	323,024,544	260,718,022
Provincial Malt Levy (note 4)	<u>32,662,639</u>	<u>31,164,098</u>
	355,687,183	291,882,120
Operating expenses (schedule)	<u>78,998,408</u>	<u>69,272,673</u>
	276,688,775	222,609,447
Other income	<u>3,722,091</u>	<u>1,464,549</u>
Net Income	<u><u>\$280,410,866</u></u>	<u><u>\$224,073,996</u></u>

STATEMENT OF CHANGES IN PROVINCE ADVANCE  
FOR THE YEAR ENDED MARCH 31, 1981

	<u>1981</u>	<u>1980</u>
Balance at beginning of period	\$ 5,868,417	\$ 6,801,609
Net Income	280,410,866	224,073,996
Cash payments to Provincial Treasury	<u>(281,799,876)</u>	<u>(225,007,188)</u>
Balance at end of period	<u><u>\$ 4,479,407</u></u>	<u><u>\$ 5,868,417</u></u>

BRITISH COLUMBIA LIQUOR DISTRIBUTION BRANCH  
STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED MARCH 31, 1981

	<u>1981</u>	<u>1980</u>
FUNDS DERIVED FROM OPERATIONS:		
Net income	\$280,410,866	\$224,073,996
Add charges not involving an outlay of funds		
Depreciation	1,658,135	671,150
Net book value of fixed asset disposals	<u>55,074</u>	<u>37,188</u>
	<u>282,124,075</u>	<u>224,782,334</u>
FUNDS APPLIED TO:		
Acquisition of fixed assets	7,575,328	2,288,092
Cash payments to the Provincial Treasury	<u>281,799,876</u>	<u>225,007,188</u>
	<u>289,375,204</u>	<u>227,295,280</u>
Increase/(Decrease) in working capital	(7,251,129)	(2,512,946)
Working capital at beginning of year	<u>1,922,761</u>	<u>4,435,707</u>
WORKING CAPITAL (DEFICIENCY), AT END OF YEAR	<u>\$ (5,323,368)</u>	<u>\$ 1,922,761</u>

WORKING CAPITAL

Current assets	\$ 29,492,020	\$ 28,129,832
Current liabilities	<u>34,820,388</u>	<u>26,207,071</u>
WORKING CAPITAL (DEFICIENCY), AT END OF YEAR	<u>\$ (5,328,368)</u>	<u>\$ 1,922,761</u>

## BRITISH COLUMBIA LIQUOR DISTRIBUTION BRANCH

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 1981

## 1. SIGNIFICANT ACCOUNTING POLICIES:

Revenues and expenses are reflected on an accrual basis.

Merchandise inventory is valued at its latest landed cost. Customs and excise taxes are not included in the value of inventory where payment is due upon shipment from the bonded warehouse.

Expenditures for buildings, leasehold improvements, furniture, fixtures and equipment are capitalized and are subject to depreciation on a straight line basis as follows:

Buildings	- 7-1/2% per annum
Leasehold Improvements	- a minimum of 10% per annum or a rate sufficient to write off the cost over the remain- ing life of the respective lease.
Furniture, fixtures and equipment	- 25% per annum

## 2. CASH:

	<u>1981</u>	<u>1980</u>
Cash on hand and in banks (overdraft)	\$(3,023,186)	\$(2,491,860)
Cash in transit	<u>3,071,540</u>	<u>4,067,921</u>
	<u>\$ 48,354</u>	<u>\$ 1,576,061</u>

BRITISH COLUMBIA LIQUOR DISTRIBUTION BRANCH  
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 1981

3. FIXED ASSETS:

	<u>1981</u>		<u>1980</u>	
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>
Land	\$ 801,752	\$ -	\$ 450,752	\$ -
Buildings	6,712,737	4,146,293	5,734,951	4,043,623
Leasehold Improvements	1,618,749	169,506	35,734	15,343
Furniture Fixtures and Equipment	<u>9,662,637</u>	<u>4,672,301</u>	<u>5,387,187</u>	<u>3,604,002</u>
	<u>18,795,875</u>	<u>8,988,100</u>	<u>11,608,624</u>	<u>7,662,968</u>
NET BOOK VALUE	<u>\$ 9,807,775</u>		<u>\$ 3,945,656</u>	

4. SALES:

Included in sales are non-alcoholic items amounting to \$1,021,858 (1980 - \$872,710).

Sales made directly to Licensed Establishments by authorized Brewers' agents on behalf of the Liquor Distribution Branch totaling \$104,772,159 (1980-\$95,315,359) are not included in the sales reported by the Branch. The Provincial Malt Levy reported on the Income Statement represents the margin on these sales.

## BRITISH COLUMBIA LIQUOR DISTRIBUTION BRANCH

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 1981

## 5. COMMITMENTS:

Employees of the Branch contribute to the Public Service Superannuation Fund 6% of their salaries for basic pension purposes, plus 1/2% of salaries for cost-of-living indexed increases in pension benefits. The contributions shown in the Schedule include in addition to matching employee contributions, supplementary assessments paid by the Branch to fund any deficiency in pensions for employees who retired during the year. This supplementary assessment was \$1,681,585 in 1981 (\$1,958,813 - 1980).

An actuarial evaluation of the Public Service Superannuation Fund was made at March 31, 1977. Details of the unfunded liability are described in the Public Accounts of British Columbia. The portion of the unfunded liability attributable to the Liquor Distribution Branch was not determined by the actuary.

The Branch maintains inventory in its bonded warehouse for which Customs and Excise tax has neither been paid nor recorded. As at March 31, 1981 the future liability for these taxes approximates \$3,300,000.

In 1979, a new procedure to warehouse imported stocks by Suppliers' Agents was implemented. Under this new concept, the Branch has a contractual obligation to purchase all inventories held by the agent should he opt out of the program. The obligation of the Branch should all agents choose to terminate their contracts, totals approximately \$32,000,000 as at March 31, 1981.

Total commitments to March 31, 1981 for lease of premises amount to \$25,350,000. Of this \$4,200,000 becomes payable during the year ending March 31, 1981.

## 6. COMPARATIVE FIGURES

Certain of the 1980 figures provided for purposes of comparison have been restated to conform with the classifications used in the current year. These changes have had no effect on the net earnings.

BRITISH COLUMBIA LIQUOR DISTRIBUTION BRANCH  
OPERATING EXPENSES FOR THE YEAR ENDED MARCH 31, 1981

	Warehouse	Retail Store	Administrative	1981 Total	1980 Total
Salaries and Wages	\$3,313,005	\$41,372,999	\$ 5,550,621	\$50,236,625	\$44,774,353
Superannuation Fund	150,165	1,887,045	1,912,730	3,949,940	4,067,199
Unemployment Insurance	43,051	640,996	66,267	750,314	500,552
Canada Pension	39,487	496,216	60,782	596,485	518,905
Dental and Extended Health	38,236	480,485	58,855	577,576	474,188
B. C. Medical	22,721	285,527	34,975	343,223	306,307
Long-term Disability	21,692	272,597	33,391	327,680	326,144
Workers' Compensation Board	19,701	247,574	30,325	297,600	313,174
Group Insurance	11,009	138,345	16,946	166,300	150,793
Rents	238,329	4,432,345	-	4,670,674	3,951,045
Freight to Stores	-	4,170,616	-	4,170,616	3,159,281
Data Processing	-	-	3,163,638	3,163,638	1,585,141
Sundries	390,742	629,628	1,187,013	2,207,383	2,174,442
Depreciation	372,812	720,815	564,508	1,658,135	671,150
Light, Water and Fuel	107,085	847,390	-	954,475	998,095
Store Wrapping Supplies	-	821,875	-	821,875	649,120
Repairs and Maintenance	-	464,617	-	464,617	768,288
Travelling	94,977	291,480	229,994	716,422	630,320
Agency Commissions	-	701,868	-	701,868	480,006
Printing and Stationery	-	274,336	-	274,336	375,133
Bank Charges	29,530	-	331,139	635,005	299,456
Telephone and Telegraph	1,401	128,477	318,312	307,332	244,957
Property Charges	221,984	57,765	177,454	279,749	260,518
Litter Act - Container Disposal Cost	-	-	229,630	229,630	1,247,641
Staff Benefits	1,763	30,445	107,554	139,762	78,111
Postage and Express	-	42,501	-	42,501	54,345
Insurance	-	-	45,700	45,700	35,926
Municipal Business Taxes	-	-	-	-	178,103
	\$5,117,690	\$59,335,942	\$14,544,776	\$78,998,408	\$69,272,673



**BRITISH COLUMBIA PETROLEUM CORPORATION*****Report of the Auditors***

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**To the Lieutenant-Governor in Council,  
Province of British Columbia:**

We have examined the balance sheet of British Columbia Petroleum Corporation as at March 31, 1981 and the statements of income and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of British Columbia Petroleum Corporation as at March 31, 1981 and the results of its operations and the changes in its financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Wohrje, Mahon + Company*

Chartered Accountants  
Vancouver, B.C. May 19, 1981.

## Balance Sheet

March 31, 1981

### Assets

	1981	1980
<b>Current assets</b>		
Cash and short term deposits .....	\$ 42,945,044	\$ 20,693,782
Accounts receivable .....	21,988,781	77,277,774
Advances for exploration and gas development (Note 2) .....	494,784	1,245,302
Prepaid expenses .....	83,964	51,166
	<b>65,512,573</b>	<b>99,268,024</b>
<b>Prepaid gas (Note 3)</b>	<b>723,234</b>	—
<b>Property account (Note 4)</b>		
Furniture, equipment, automobiles and leasehold improvements, at cost .....	440,952	434,981
Less: Accumulated depreciation and amortization .....	116,334	95,180
	<b>324,618</b>	<b>339,801</b>
<b>Other assets</b>		
Mortgages and other deferred charges .....	137,548	253,827
	<b>\$ 66,697,973</b>	<b>\$ 99,861,652</b>

### Liabilities and Retained Earnings

<b>Current liabilities</b>		
Accounts payable and accrued charges .....	\$ 24,719,152	\$ 45,903,807
Gas credits payable .....	—	230,357
	<b>24,719,152</b>	<b>46,134,164</b>
<b>Retained earnings</b> .....	<b>41,978,821</b>	<b>53,727,488</b>
	<b>\$ 66,697,973</b>	<b>\$ 99,861,652</b>

Commitments (Notes 3 and 7)

Approved by the Directors:



Director



Director

See accompanying notes to financial statements

## ***Statement of Income and Retained Earnings***

Year ended March 31, 1981

	1981	1980
<b>Revenue</b>		
Sales from natural gas, natural gas liquids, and sulphur .....	\$ 455,379,556	\$ 645,104,092
<b>Expenses</b>		
Gas and by-product purchases .....	247,168,399	335,919,443
Administrative and general expenses .....	1,541,519	1,100,105
	248,709,918	337,019,548
<b>Income from operations</b> .....	206,669,638	308,084,544
<b>Other Income</b> .....	1,656,695	1,559,674
<b>Net income</b> .....	208,326,333	309,644,218
<b>Retained earnings at beginning of year</b>		
As previously reported .....	49,178,216	62,808,008
Adjustment of prior years' net income (Note 5) .....	4,549,272	2,100,262
As restated .....	53,727,488	64,908,270
	262,053,821	374,552,488
<b>Deduct: Transfers to Provincial Treasury</b> .....	220,075,000	320,825,000
<b>Retained earnings at end of year</b> .....	\$ 41,978,821	\$ 53,727,488

See accompanying notes to financial statements

## Statement of Changes in Financial Position

Year ended March 31, 1981

	1981	1980
<b>Source of funds</b>		
Operations		
Net income	\$ 208,326,333	\$ 309,644,218
Add (deduct) items not involving outlay of funds:		
Depreciation and amortization	25,872	25,308
Loss (gain) on disposal of fixed assets	1,267	(767)
	<b>208,353,472</b>	<b>309,668,759</b>
Proceeds from disposal of fixed assets	4,309	14,470
Mortgages and other deferred charges	40,761	8,969
Preliminary survey and investigation charges	75,518	—
	<b>208,474,060</b>	<b>309,692,198</b>
<b>Application of funds</b>		
Prepaid gas	723,234	—
Property additions	16,265	52,735
Transfers to Provincial Treasury	220,075,000	320,825,000
	<b>220,814,499</b>	<b>320,877,735</b>
<b>Increase (decrease) in working capital</b>	<b>(12,340,439)</b>	<b>(11,185,537)</b>
<b>Working capital at beginning of year</b>	<b>53,133,860</b>	<b>64,319,397</b>
<b>Working capital at end of year</b>	<b>\$ 40,793,421</b>	<b>\$ 53,133,860</b>

See accompanying notes to financial statements

## Notes to Financial Statements

March 31, 1981

### Note 1. Summary of Significant Accounting Policies

#### GAS SALES

Under the terms of an agreement between Westcoast Transmission Company Limited and British Columbia Petroleum Corporation effective November 1, 1973, the Corporation sells natural gas to Westcoast Transmission Company Limited at a price equal to the gross revenue received by that Company on the resale thereof less the total cost of service of that Company's utility system operation.

#### DEPRECIATION

Furniture, equipment, automobiles and leasehold improvements are recorded at cost and depreciation is provided at rates considered adequate to amortize the cost over the service lives of the assets. Depreciation is computed on a straight-line basis.

### Note 2. Advances for Exploration and Gas Development

Advances for exploration and gas development represent funds advanced to develop gas production. The advances are secured on property of the developer and are repayable out of future related production.

#### Note 3. Prepaid Gas

Under its gas purchase contracts with producers, the Corporation is obligated to purchase and take delivery of, or pay for, a specified minimum annual volume of gas. In 1980, the Corporation was unable to take delivery of the minimum volume of gas and is, therefore, required to pay for the resulting shortfall (Deficiency Gas). The Corporation's liability for deficiency gas in 1980 amounted to \$30,131,664 of which \$723,234 was due in February 1981 and \$29,408,430 due in February 1982. The Corporation may recover deficiency gas volumes over varying periods, from one to ten years, as permitted by the terms of the respective gas purchase contracts.

### Note 4. Property Account

	Cost	Accumulation Depreciation & Amortization	1981 Net Book Value	1980 Net Book Value
Furniture	\$200,024	\$ 47,388	\$152,636	\$157,336
Automobiles	29,700	8,422	21,278	21,201
Leasehold improvements	211,228	60,524	150,704	161,264
	<b>\$440,952</b>	<b>\$116,334</b>	<b>\$324,618</b>	<b>\$339,801</b>

### Note 5. Prior Period Adjustment

In February 1980, the Corporation commenced an appeal to the Federal Court of Appeal against the decisions of the National Energy Board dated May 1978, November 1978 and September 1979. In a judgment delivered January 19, 1981, the Court determined, inter alia, that the Corporation does not own line pack. As a result of that judgment, the balance of retained earnings at March 31, 1980 previously reported at \$49,178,216 has been restated to show a retroactive increase in income of \$4,549,272 representing the accumulated reduction in the cost of service resulting to the elimination of the line pack inventory. Of this amount, \$2,449,010 is applicable to the year ended March 31, 1980, and has been added to income for that year. The remaining \$2,100,262 is applicable to years prior to April 1, 1979, and has been credited to retained earnings at that date, previously reported as \$62,808,008.

### Note 6. Remuneration of Directors and Senior Officers

The aggregate remuneration paid to the Directors and senior officers of the Corporation for the year ended March 31, 1981 amounted to \$244,448 (to March 31, 1980 - \$221,117).

### Note 7. Commitments

The Corporation has commitments under agreements for the lease of office premises extending to 1984. The aggregate rentals payable under leases amount to approximately \$402,000 as at March 31, 1981.

## BRITISH COLUMBIA PLACE LTD.



Province of  
British Columbia

Office of the  
Auditor General  
Province of British Columbia

8 Bastion Square  
Victoria  
British Columbia  
V8V 1X4

## AUDITOR'S REPORT

To the Shareholders of British Columbia Place Ltd., and

To the Minister of Environment  
Province of British Columbia

I have examined the balance sheet of British Columbia Place Ltd. as at 31 March 1981 and the statement of source and use of funds for the period from 25 March 1980 to 31 March 1981. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the company as at 31 March 1981 and the source and use of its funds for the period from 25 March 1980 to 31 March 1981 in accordance with generally accepted accounting principles.

A handwritten signature in cursive script, reading "Erma Morrison".

Erma Morrison, C.A.  
Auditor General

Victoria, British Columbia  
15 May 1981

## BRITISH COLUMBIA PLACE LTD.

(Incorporated on March 25, 1980 under the Company Act of British Columbia  
and having special powers under the British Columbia Place Act)

BALANCE SHEETMarch 31, 1981

(000's)

Assets

Cash	\$ 10
Short term investments	2,750
Accounts receivable	68
Land	64,671
Amphitheatre construction and development - note 2	3,269
Other site development	650
Furniture, equipment and leasehold improvements less depreciation and amortization (\$22,760)	115
Deferred charges	44

\$71,577

Liabilities

Accounts payable and accrued	\$ 805
Accrued interest	2,094
Note payable to the Province of British Columbia - note 3	42,725
Collateral mortgage payable - note 4	17,425

\$63,049

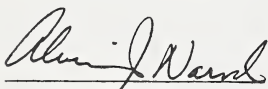
Shareholders' Equity

Share capital - note 5	
Contributed surplus - note 6	\$ 8,528

\$71,577

The accompanying notes are an integral part of the Financial Statements.

Approved by the Board:



Alvin J. Marod, Director



Gilbert J. Hardman, Director

## BRITISH COLUMBIA PLACE LTD.

## STATEMENT OF SOURCE AND USE OF FUNDS

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For the period from date of incorporation March 25, 1980 to March 31, 1981	1981 (000's)
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## Source of Funds

Depreciation and amortization	\$ 23
Accounts payable and accrued	805
Accrued interest	2,094
Grants from the Province of British Columbia	
B.C. Place Fund	5,403
Lower Mainland Stadium Fund	3,125
Note payable to the Province of British Columbia	42,725
Collateral mortgage	17,425

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\$71,600

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## Use of Funds

Land	\$64,671
Amphitheatre construction and development	3,269
Other site development	650
Furniture, equipment and leasehold improvements	138
Deferred charges	44
Cash, short-term investments and accounts receivable	2,828

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\$71,600

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BRITISH COLUMBIA PLACE LTD.  
NOTES TO THE FINANCIAL STATEMENTS

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March 31, 1981

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1. Accounting Policies

- a) All costs of constructing the Amphitheatre are being capitalized, as are all land purchase costs, including interest, property taxes, temporary lease expenses less revenues, and other items related to those purchases.

Land purchase costs will be allocated among the Amphitheatre and other projects at a later date. Other site development expenditures are being deferred as development expenses, to be charged to projects in the future.

- b) Deferred charges will be amortized against Amphitheatre operations over terms appropriate to the expenditure.

2. Amphitheatre

Construction	\$2,816,000
Other development expenses	<u>453,000</u>
	\$3,269,000

3. Note payable to the Province of British Columbia

A note in the amount of \$42,725,000. was issued payable on demand to the Minister of Finance of the Province of British Columbia and bearing interest at the rate of 14.35% per annum, payable June 1, 1981. The note has been guaranteed by the Province of British Columbia.

4. Collateral Mortgage Payable

This mortgage represents the unpaid balance on the acquisition of certain lands from Marathon Realty Company Limited and is secured by a collateral charge on the lands acquired. Under certain conditions of the agreement with Marathon, this amount could become payable in less than one year.

5. Share Capital

Authorized 10,000 common shares without par value  
Issued and fully paid, one share to the Crown in right of the Province - \$1

/cont'd



NOTES TO THE FINANCIAL STATEMENTS - Page 2

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## 6. Contributed Surplus

The Province of British Columbia has appropriated \$15,000,000 for the B.C. Place Fund and \$50,000,000 for the Lower Mainland Stadium Fund, and these amounts are available as special purpose funds. B.C. Place has received \$8,528,000 of these monies, \$5,403,000 from the B.C. Place Fund and \$3,125,000 from the Lower Mainland Stadium Fund.

## 7. Contractual Obligations

- a) The Company has entered into an agreement with Dillingham Corporation Canada Ltd. to construct the amphitheatre for a guaranteed maximum price of \$111,441,000.
- b) The Company has entered into an agreement with Phillips Barratt for the provision of architectural and engineering services at a cost of approximately \$5,350,000.

## 8. Contingent Liabilities

- a) Under the terms of the agreement with Marathon Realty Company Limited, the Company could incur additional liabilities if certain properties are not acquired for Marathon. The amount of such additional liabilities, if any, would be limited to the excess of the appraised value of such properties over the values presently assigned.
- b) Under the terms of the Temporary Easement Agreement with Canadian Pacific Limited, the Company may incur an additional liability in the amount of \$1,000,000., should certain lands be vacated by December 31, 1981.

**BRITISH COLUMBIA RAILWAY COMPANY**



Peat, Marwick, Mitchell & Co.

Chartered Accountants

Suite 2100, One Bentall Centre  
505 Burrard Street  
Vancouver, British Columbia V7X 1M1  
(604) 685-8221

To the Lieutenant Governor in Council  
Province of British Columbia

We have examined the balance sheet of British Columbia Railway Company as at January 2, 1981 and the statements of income and deficit and changes in financial position for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Railway as at January 2, 1981 and the results of its operations and the changes in its financial position for the fiscal year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding fiscal year.

*Peat, Marwick, Mitchell & Co.*

Vancouver, British Columbia, Canada  
March 6, 1981

Chartered Accountants

## (Dollars in Thousands)

On behalf of the Board:  
David Thomas, Director L. M. Horner, Director

BRITISH COLUMBIA RAILWAY COMPANYINCOME AND DEFICIT(Dollars in Thousands)

	<u>Fiscal Year Ended</u>	
	<u>January 2</u>	<u>December 28</u>
	<u>1981</u>	<u>1979</u>
Operating revenues	<u>\$143,726</u>	<u>125,826</u>
Operating expenses		
Transportation	61,232	53,823
Road maintenance	28,920	28,369
Equipment maintenance	28,845	26,348
Depreciation	14,279	13,364
Other	9,462	8,354
Government grants - Note 2	<u>(6,510)</u>	<u>(8,888)</u>
	<u>136,228</u>	<u>121,370</u>
Railway operating profit	7,498	4,456
Other income (expenses)		
Interest expense - Note 5	(58,472)	(54,053)
Application of debt servicing grant	<u>57,522</u>	
	(950)	(54,053)
Other income	<u>6,094</u>	<u>1,462</u>
	<u>5,144</u>	<u>(52,591)</u>
Net profit (loss)	12,642	(48,135)
Opening deficit	<u>348,497</u>	<u>300,362</u>
Closing deficit	<u>\$335,855</u>	<u>348,497</u>

BRITISH COLUMBIA RAILWAY COMPANYCHANGES IN FINANCIAL POSITION(Dollars in Thousands)

	Fiscal Year Ended	
	January 2 1981	December 28 1979
Funds provided		
Operations		
Net profit (loss)	\$ 12,642	(48,135)
Add items not requiring funds	<u>14,279</u>	<u>13,364</u>
	26,921	(34,771)
Long term financing	64,701	41,376
Government grants		
Construction - Note 2	11,648	12,090
Debt servicing - Note 5	<u>12,478</u>	<u>          </u>
	<u>115,748</u>	<u>18,695</u>
Funds used		
Property and equipment	52,496	23,780
Dease Lake Extension - Note 3	399	674
Sinking funds and long-term debt	<u>41,525</u>	<u>20,569</u>
	<u>94,420</u>	<u>45,023</u>
Working capital (deficiency)		
Increase (decrease)	21,328	(26,328)
Opening balance	<u>(34,004)</u>	<u>(7,676)</u>
Closing balance	<u>\$(12,676)</u>	<u>(34,004)</u>

BRITISH COLUMBIA RAILWAY COMPANYNOTES TO FINANCIAL STATEMENTSJanuary 2, 1981

## 1. Significant accounting policies

The accounting regulations prescribed by the Canadian Transport Commission for Canadian railways have been adopted to the extent that this is possible without submitting specific accounting policies and depreciation rates to the Commission for approval.

## Class of business

The Railway provides a fully integrated rail service within the Province of British Columbia. Services other than hauling freight are not of sufficient size to constitute a separate segment.

## Road property

New construction is recorded at cost net of grants received. Abandoned or relocated sections are removed at average unit costs. Elements of track structure installed during planned programs are recorded at cost and the material released is removed from the asset accounts at the average unit cost. Labour costs for programmed replacements are expensed as incurred.

All costs of constructing extension lines are capitalized to the date the line is certified operational by the British Columbia Ministry of Transportation and Highways. Capitalization of interest ceases and provision of depreciation commences on the date of certification.

## Depreciation

Depreciation is provided for major categories of property and equipment on the straight-line basis at composite rates estimated to reduce the original cost to estimated salvage value over the average service lives of the classes. The group method is used for recording depreciation under which the original cost of assets retired less salvage value is charged against accumulated depreciation. No gain or loss on retirements, other than on accidental destruction of rolling stock and on disposal of land, is included in operations. The original cost of principal assets less estimated salvage value is depreciated over the following number of years:

	<u>Number of Years</u>
Grades, surfacing and tunnels	100
Rails	50
Ties and ballast	25
Bridges	65
Locomotives and power units	25
Freight cars	33

## Repairs

Repairs and non-programmed replacements of track structure are charged against current operations. Betterments and major track relocations are capitalized.

## Materials and supplies

Inventories of materials and supplies are valued at the lower of average cost or net realizable value.

## Government grants

Government grants have been recorded in accordance with the accounting recommendations of the Canadian Institute of Chartered Accountants. Grants directly related to the construction or rehabilitation of road property have offset related road property capital expenditures. Cost assistance grants have been deducted from the related expense accounts.

## Income taxes

The Railway is exempt from Canadian federal and provincial income taxes.

## Transactions in foreign currency

Transactions originating in United States currency are recorded at the approximate exchange rates prevailing at the dates of the transactions. Current assets and current liabilities have been translated to equivalent Canadian amounts at the rate of exchange in effect on the balance sheet date.

## Leases

Certain long-term lease transactions relating to the financing of equipment are accounted for as purchases of property. The capitalized lease obligation reflects the present value of future rental payments discounted at the interest rate implicit in the lease. The capitalized value of depreciable assets is depreciated over the term of the lease in equal annual amounts. The costs of all other leases are charged against operations as they are incurred.

## Fiscal year-end

The fiscal year of the Railway ends on the Friday closest to December 31. The 1980 fiscal year ended on January 2, 1981 and comprised 53 weeks; the 1979 fiscal year ended on December 28, 1979 and comprised 52 weeks.

## 2. Fort Nelson Extension

During 1978, the Government of the Province of British Columbia undertook to reimburse the Railway for the costs of the rehabilitation program which began in June, 1978 and to reduce the annual operating losses of this Extension.

During the last three years the Province has provided a total of \$39,193,000 to the Railway for the rehabilitation program of which \$33,565,000 has offset road property capital expenditures. The balance, together with contributions to offset the operating loss, have been deducted from operating expenses as follows:

	<u>1980</u>	<u>1979</u>
Rehabilitation program, road property maintenance expenses	\$1,703,000	2,088,000
Contribution to reduce operating losses	<u>4,807,000</u>	<u>6,800,000</u>
Total Government grants deducted from operating expenses	<u>\$6,510,000</u>	<u>8,888,000</u>

## 3. Dease Lake Extension

These costs consist of charges relating to the uncompleted Dease Lake Extension prior to suspension of construction in 1977 and legal and other costs incurred subsequently in connection with litigation commenced against the Railway by contractors involved in construction of the Extension. There are no commitments to continue construction and in the event any portion of this Extension is abandoned, the cost less any value recovered will be written off at that time.

## 4. Long-term debt

Long-term debt is not secured by assets of the Railway. Bonds issued by the Railway which are held in the sinking fund are not cancelled but for financial statement presentation have been deducted from the amounts shown as outstanding. As of January 2, 1981 the principal amount of such bonds held in the sinking fund aggregated \$33,077,000 (1979 - \$32,915,000).



Long-term debt outstanding, less current maturities, consists of the following:

	<u>1980</u>	<u>1979</u>
Sinking fund bonds and debentures		
1981-1985 - 3 1/4% to 5%	\$ 17,415,000	17,468,000
1986-1990 - 4 3/4%	29,906,000	50,000,000
1991-1995 - 4.5% to 9.34%	142,719,000	142,734,000
1996-2000 - 7.08% to 10.5%	378,210,000	378,210,000
2001-2005 - 9.05% to 12.75%	<u>200,000,000</u>	<u>155,000,000</u>
	768,250,000	743,412,000
Less sinking fund assets net of Railway's own bonds held	<u>106,807,000</u>	<u>86,981,000</u>
	661,443,000	656,431,000
Serial bonds 4 7/8% - due 1988	1,366,000	1,503,000
Long-term lease obligations	<u>19,560,000</u>	<u>                    </u>
	682,369,000	657,934,000
Deduct current portion	<u>11,159,000</u>	<u>9,900,000</u>
	<u>\$671,210,000</u>	<u>648,034,000</u>

Bonds totalling \$185,327,000 which are held by the Minister of Finance for Canada contain a provision whereby under certain circumstances they may be presented for redemption upon six months notice given to the Railway. A further \$28,387,000 of bonds are subject to redemption in various amounts at various dates until 1984, at the option of either the holder or the Railway. The Railway also has the right under certain circumstances to redeem bonds aggregating \$479,602,000 at various dates, principally after 1983.

Long-term debt retirements and sinking fund provisions excluding early redemption options, for the four fiscal years ending with 1985 are \$10,577,000, \$9,919,000, \$9,929,000 and \$9,847,000.

Included in long-term debt outstanding at January 2, 1981 are obligations recorded at par value of \$14,287,000 payable in United States currency. The Canadian equivalent of these obligations at January 2, 1981 is approximately \$16,986,000.

The Government of the Province of British Columbia has unconditionally guaranteed the principal and interest of the serial bonds and sinking fund bonds and debentures.

## 5. Interest expense:

The Province has granted \$70,000,000 to assist in paying the 1980 debt servicing charges of the Railway. Of this amount, \$57,522,000 has been applied to offset interest on borrowed money and the balance of \$12,478,000 has been added to contributed surplus.

Interest expense is as follows:

	<u>1980</u>	<u>1979</u>
Interest on long-term debt	\$ 72,439,000	64,745,000
Less:		
Sinking fund earnings	10,076,000	8,297,000
Interest earned on temporary investments	<u>4,841,000</u>	<u>2,395,000</u>
	<u>14,917,000</u>	<u>10,692,000</u>
	57,522,000	54,053,000
Less:		
Application of debt servicing grant	<u>57,522,000</u>	
Net interest on long-term debt		<u>54,053,000</u>
Interest on capitalized leases	<u>\$ 950,000</u>	

## 6. Share capital

Authorized share capital is 2,105,729 shares of \$100 each of which 1,855,729 shares are outstanding.

## 7. Lease commitments

The Railway has significant lease commitments for rolling stock and additional minor lease commitments for equipment and real estate which expire during varying periods to the year 2000.

The following is a schedule of future minimum rental payments at January 2, 1981 required under non-cancellable leases that have terms in excess of one year:

	Capital leases	Operating leases
1981	\$ 2,938,000	13,129,000
1982	2,938,000	12,871,000
1983	2,938,000	12,771,000
1984	2,938,000	11,944,000
1985	2,938,000	11,712,000
Later years	<u>35,988,000</u>	<u>81,747,000</u>
Total minimum lease payments	50,678,000	<u>144,174,000</u>
Less:		
Executory costs	(4,921,000)	
Imputed interest	<u>(26,197,000)</u>	
Present value	<u>\$19,560,000</u>	

Assets under capital leases recorded in the property and equipment accounts as at January 2, 1981 are as follows:

Equipment	\$19,701,000
Accumulated depreciation	<u>458,000</u>
	<u>\$19,243,000</u>

#### 8. Contingent liabilities

On January 16, 1981 a judgement was rendered by the British Columbia Supreme Court awarding two contractors \$8,070,000 plus costs and interest, which in total should not exceed \$12,000,000, resulting from litigation concerning construction of the Dease Lake Extension. The Railway will capitalize all amounts paid pursuant to this judgement together with costs and any interest allocable to the period prior to cessation of construction in 1977; interest allocable to periods subsequent to that date will be recorded as an expense of the periods to which it applies. No provision has been made in the accounts as the Railway intends to appeal this judgement. In the opinion of counsel the Railway should succeed in this appeal.

A contractor has commenced legal action against the Railway to recover losses and other damages for specific claims concerning construction of the Dease Lake Extension in the amount of \$1,400,000, plus interest and costs.

#### 9. Pension plan

The majority of employees participate in a contributory pension plan and are entitled to limited vested rights prior to retirement. Based on a report by independent actuaries, the unfunded accrued liabilities of the pension plan at January 1, 1979 approximated \$7,000,000. The unfunded liabilities are being amortized over a period of 24 years commencing on January 1, 1979, at a cost of \$568,000 per annum. Total pension expense for the year including past service costs was \$5,089,000 (1979 - \$4,907,000). Total contributions for 1981 are projected to be \$5,600,000.

The plan is currently being amended to be effective January 1, 1981. The amendments will increase pensions in force at January 1, 1981 and will make provision for future periodic increases in pensions in force financed out of investment earnings in excess of 5% per annum on pension fund assets held in respect of pensioners.

The next actuarial valuation of the plan is due as at December 31, 1981. The independent actuaries have advised that, in their opinion, the actuarial assumptions to be used in the next actuarial valuation should be revised. They estimate that the effect of such a revision will be to reduce the ongoing costs and the value placed on accrued liabilities, thereby reducing or eliminating the current unfunded liability. They further estimate that the January 1, 1981 amendment will increase ongoing costs and accrued liabilities, valued on the recommended new actuarial assumptions. The net effect of the change in the basis of valuation and the increased cost of the revised plan should be a small reduction in pension costs, as a percentage of payroll.

#### 10. Remuneration of directors and officers

Total remuneration paid to six officers amounted to \$304,000 (five in 1979 - \$245,000). Remuneration paid to eight directors who were not officers of the Railway amounted to \$55,000 (eight in 1979 - \$38,000); the remaining director served in each year without remuneration from the Railway.

#### 11. Related party transactions

All of the outstanding shares of the Railway are owned by the Government of the Province of British Columbia.

Long-term debt is guaranteed by the Province and the Railway received a grant to assist with the related debt servicing charges as set out in Note 5. The Ministry of Finance of the Province acts as fiscal agent in the administration of the long-term debt for which no charge is made to the Railway. The Railway also received a grant during the year for rehabilitation expenses and certain operating losses incurred on the Fort Nelson Extension as described in Note 2. No charge for property taxes on land used for Railway purposes is made by the Province. The Railway has undertaken preliminary work on behalf of the Province in connection with construction of a 128 kilometer branch line to access coal deposits in north-eastern British Columbia for which the Railway has recovered full costs. All other transactions between the Railway and the Province are at terms no more or less favourable than those with unrelated parties.

## BRITISH COLUMBIA REGIONAL HOSPITAL DISTRICTS FINANCING AUTHORITY



Province of  
British Columbia

Office of the  
Auditor General  
Province of British Columbia

8 Bastion Square  
Victoria  
British Columbia  
V8V 1X4


## AUDITOR'S REPORT

To the Chairman and Members of the  
British Columbia Regional Hospital Districts Financing Authority, and

To the Minister of Finance  
Province of British Columbia:

I have examined the statement of assets and liabilities of the British Columbia Regional Hospital Districts Financing Authority as at 31 March 1981 and the statement of sources and uses of funds for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Authority as at 31 March 1981 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied, after giving retroactive effect to changes in the method of accounting for accrued interest receivable and payable and the basis of valuation of sinking fund investments as explained in notes 3 and 5 to the financial statements, on a basis consistent with that of the preceding year.

  
Erma Morrison, C.A.  
Auditor General

Victoria, British Columbia  
14 August 1981

## BRITISH COLUMBIA REGIONAL HOSPITAL DISTRICTS FINANCING AUTHORITY

## STATEMENT OF ASSETS AND LIABILITIES

AS AT 31 MARCH 1981

## ASSETS


	<u>1981</u>	<u>1980</u> (note 3)
Accrued interest receivable (note 3)	\$ <u>14,452,584</u>	\$ <u>10,622,803</u>
Long-term loans receivable (notes 1,2, and schedule 1)	553,759,000	472,244,000
Less accumulated sinking fund instalments and investment income	<u>92,858,339</u>	<u>71,754,120</u>
	<u>460,900,661</u>	<u>400,489,880</u>
	<u>\$ 475,353,245</u>	<u>\$ 411,112,683</u>

## LIABILITIES

Accrued interest payable (note 3)	\$ <u>14,452,584</u>	\$ <u>10,622,803</u>
Long-term debt (note 4 and schedule 2)	553,759,000	472,244,000
Less sinking funds on deposit with the Minister of Finance of the Province of British Columbia (notes 3 and 5)	<u>92,858,339</u>	<u>71,754,120</u>
	<u>460,900,661</u>	<u>400,489,880</u>
	<u>\$ 475,353,245</u>	<u>\$ 411,112,683</u>

The five accompanying notes are an integral part of these financial statements.

Approved by the Authority:

  
H. A. Curtis, Chairman

  
L.I. Bell, Secretary

## BRITISH COLUMBIA REGIONAL HOSPITAL DISTRICTS FINANCING AUTHORITY

## STATEMENT OF SOURCES AND USES OF FUNDS

FOR THE YEAR ENDED 31 MARCH 1981

	<u>1981</u>	<u>1980</u>
		(note 3)
<b>Sources of Funds</b>		
Proceeds of Authority debentures issued	\$ 81,515,000	\$ 83,780,000
Interest on long-term loans receivable (note 3)	47,107,855	37,986,784
Sinking fund instalments received	12,461,900	11,211,182
Income on sinking fund investments (note 5)	<u>8,642,319</u>	<u>6,312,692</u>
	<u>\$ 149,727,074</u>	<u>\$ 139,290,658</u>
	-----	-----
<b>Uses of Funds</b>		
Loans to Regional Hospital Districts	\$ 81,515,000	\$ 83,780,000
Interest on long-term debt (note 3)	47,107,855	37,986,784
Instalments paid into sinking funds	12,461,900	11,211,182
Investment income allocated to sinking funds (note 5)	<u>8,642,319</u>	<u>6,312,692</u>
	<u>\$ 149,727,074</u>	<u>\$ 139,290,658</u>
	-----	-----
Change in financial position	<u><u>\$ NIL</u></u>	<u><u>\$ NIL</u></u>



BRITISH COLUMBIA REGIONAL HOSPITAL DISTRICTS FINANCING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
AS AT 31 MARCH 1981

1. The Authority

The Authority was established by the Hospital District Finance Act, RS 1979 Chapter 179.

Section 2 of the Act states that the purpose of the Authority is: "to assist in the financing of hospital projects, medical and health facilities, community human resources and health centres, and any other community, regional or Provincial facilities for the social improvement, welfare and benefit of the community or the general public good approved by the Minister of Health." Assistance in financing is to be provided by either purchasing debentures issued by Regional Hospital Districts or any other incorporated body that is authorized under an Act, its charter, or its memorandum of association to issue debentures for financing any of those projects or facilities, or by any other method approved by the Lieutenant Governor in Council with money raised by the issue and sale of debentures of the Authority.

2. Letters of Undertaking

Loans issued by the Authority during the year totalling \$39,569,000 were not secured by debentures. As a temporary measure, the Hospital Districts have given Letters of Undertaking to issue debentures for these amounts.



## BRITISH COLUMBIA REGIONAL HOSPITAL DISTRICTS FINANCING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

AS AT 31 MARCH 1981

## 3. Significant accounting policies

- (a) The accounts of the Authority were maintained on a cash basis, modified to include interest accrued on sinking fund investments for all accounting periods up to and including the year ended 31 March 1980. For the year ended 31 March 1981, the accounts of the Authority have been maintained on a full accrual basis. As a result of the change, interest accrued on loans receivable and long-term debt is included in the financial statements.

The comparative figures for the year ended 31 March 1980 have been restated to give effect to the change.

As a result of the change in accounting policies, the figures for interest from loans receivable and interest on long-term debt have increased by \$3,829,781 (1980: \$1,278,806) over the amount that otherwise would have been shown. The change has no effect on the net income or equity position of the Authority.

- (b) Sinking funds are maintained by the Trustee, the Minister of Finance of the Province of British Columbia, to provide for the retirement of Authority debentures at maturity. Sinking fund instalments, income earned on sinking fund investments, and the corresponding investment of the income by the sinking fund trustee have been reflected in the statement of sources and uses of funds.

## BRITISH COLUMBIA REGIONAL HOSPITAL DISTRICTS FINANCING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

AS AT 31 MARCH 1981

## 4. Long-term debt

Issued to:	<u>1981</u>	<u>1980</u>
Canada Pension Plan Investment Fund		
6.62% to 13.46% debentures, due 1988 through 2001.	\$ 492,259,000	\$ 410,744,000
Province of British Columbia Pension Funds		
7.00% to 8.08% debentures, due 1990 through 1993.	22,310,000	22,310,000
Province of British Columbia Boards, Agencies and Commissions		
6.79% to 10.40% debentures due 1991 through 2001.	<u>39,190,000</u>	<u>39,190,000</u>
	<u>\$ 553,759,000</u>	<u>\$ 472,244,000</u>

Debentures issued to the Canada Pension Plan Investment Fund are redeemable on six months notice, in whole or in part before maturity, at the option of the Minister of Finance of Canada.

The Province of British Columbia has unconditionally guaranteed the payment of principal and interest on long-term debt.

## 5. Sinking funds

<u>Assets as at 31 March 1981</u>	<u>1981</u>	<u>1980</u>
Cash	\$ 538,307	\$ 346,571
Investments at cost	90,372,438	69,741,429
Accrued interest	<u>1,947,594</u>	<u>1,666,120</u>
	<u>\$ 92,858,339</u>	<u>\$ 71,754,120</u>
Investments: market value	\$ 75,814,668	\$ 56,945,812
par value	\$ 90,621,656	\$ 69,990,647

Sinking fund instalments of \$14,395,873 are due in each of the next five years.

Sinking fund investments were disclosed at par in previous years. As a result of the change to cost, reported investment values have decreased by \$249,218 (1980: \$249,218), from the amounts that otherwise would have been shown.

## BRITISH COLUMBIA REGIONAL HOSPITAL DISTRICTS FINANCING AUTHORITY

## SCHEDULE OF LOANS RECEIVABLE

AS AT 31 MARCH 1981

## SCHEDULE 1

<u>Regional Hospital District</u>	<u>Interest Rates %</u>	<u>Dates of Maturity</u>	<u>1981</u>	<u>1980</u>
Alberni-Clayoquot	6.62- 9.40	1988-1998	\$ 4,422,500	\$ 4,422,500
Bulkley-Nechako	6.75-13.30	1990-2000	7,502,000	7,276,000
Capital	6.62-13.46	1988-2001	59,052,000	39,822,000
Cariboo	7.47- 9.07	1993-1996	2,525,000	2,525,000
Central Coast	8.01-13.46	1994-2000	1,875,500	875,500
Central Fraser Valley	6.62-13.46	1988-2001	16,423,000	11,445,000
Central Kootenay	6.62- 9.05	1988-1996	7,970,000	7,970,000
Central Okanagan	6.62-12.55	1988-2000	14,747,400	14,172,400
Columbia-Shuswap	6.62-13.09	1988-2000	6,570,000	6,320,000
Comox-Strathcona	6.62-13.46	1988-2001	12,719,000	11,382,000
Cowichan Valley	7.23-10.02	1992-1999	1,995,000	1,995,000
Dewdney-Alouette	7.23-13.46	1993-2001	11,997,000	8,175,000
East Kootenay	6.62-13.39	1988-2001	12,743,000	11,243,000
Fraser-Cheam	6.75-10.02	1989-1999	6,096,600	6,096,600
Fraser-Fort George	6.62-13.46	1988-2001	20,556,500	16,706,500
Greater Vancouver Health Facilities Association	6.62-13.39	1988-2001	237,591,000	209,591,000
Kitimat-Stikine	8.95-13.13	1995-2001	36,500,000	26,500,000
Kootenay Boundary	7.54-10.40	1991-2001	9,959,000	9,959,000
Mount Waddington	6.62-13.30	1988-2000	7,311,000	7,211,000
Nanaimo	7.14-13.18	1991-2001	2,835,000	1,585,000
North Okanagan	6.79-13.39	1989-2001	5,945,000	5,475,000
Okanagan-Similkameen	6.92-13.30	1989-2000	5,529,000	4,829,000
Peace River-Liard	6.62-11.24	1988-2000	11,313,000	11,313,000
Powell River	6.62-10.26	1988-1999	13,019,000	13,019,000
Skeena-	6.62-11.24	1988-2000	3,472,000	3,472,000
Queen Charlotte	6.62-10.26	1988-1999	5,346,000	5,346,000
Squamish-Lillooet	7.47- 9.46	1993-1998	1,380,000	1,380,000
Sunshine Coast	7.01-12.55	1991-2000	3,225,000	3,025,000
Thompson-Nicola	6.75-13.30	1990-2001	23,139,500	19,112,500
			<u>\$553,759,000</u>	<u>\$472,244,000</u>

The loans receivable are redeemable in whole or in part before maturity at the option of the Chairman of the Authority.

The Province of British Columbia has unconditionally guaranteed payment of principal and interest on Regional Hospital District debentures.

## BRITISH COLUMBIA REGIONAL HOSPITAL DISTRICTS FINANCING AUTHORITY

## SCHEDULE OF LONG TERM DEBT

AS AT 31 MARCH 1981

## SCHEDULE 2

## Sinking Fund Debentures

<u>Series</u>	<u>Interest Rate %</u>	<u>Date of Maturity</u>	<u>1981</u>	<u>1980</u>
H1	6.66	5 August 1988	\$ 5,000,000	\$ 5,000,000
H2	6.62	4 November 1988	7,936,000	7,936,000
H3	6.92	2 January 1989	4,000,000	4,000,000
H4	7.26	2 June 1989	5,000,000	5,000,000
H6	7.60	1 October 1989	4,920,000	4,920,000
H6A	7.94	3 November 1989	3,000,000	3,000,000
HA	8.33	2 February 1990	3,000,000	3,000,000
HB	8.29	3 March 1990	3,000,000	3,000,000
HC	8.14	1 April 1990	5,000,000	5,000,000
BH	8.08	1 August 1990	6,000,000	6,000,000
CH	7.91	1 November 1990	1,500,000	1,500,000
DH	7.01	15 January 1991	5,000,000	5,000,000
EH	6.79	1 March 1991	3,000,000	3,000,000
FH	6.90	30 March 1991	3,000,000	3,000,000
GH	7.08	15 June 1991	3,000,000	3,000,000
HH	7.54	15 September 1991	10,000,000	10,000,000
HJ	7.14	1 November 1991	5,000,000	5,000,000
HK	6.75	10 February 1992	4,928,000	4,928,000
HL	7.38	9 May 1992	8,000,000	8,000,000
HM	7.45	2 July 1992	3,000,000	3,000,000
HN	7.49	10 August 1992	2,500,000	2,500,000
HP	7.76	15 November 1992	3,000,000	3,000,000
HQ	7.23	8 March 1993	6,500,000	6,500,000
HR	7.48	7 June 1993	6,000,000	6,000,000
HS-1	8.00	16 July 1993	5,000,000	5,000,000
AH	7.00	15 December 1993	7,000,000	7,000,000
HS-2	7.47	10 January 1994	4,150,000	4,150,000
HT	7.61	9 April 1994	10,000,000	10,000,000
HU	8.01	10 May 1994	5,000,000	5,000,000
HV	9.05	9 August 1994	6,476,000	6,476,000
HW	8.21	9 April 1995	10,000,000	10,000,000
JA	8.65	9 May 1995	7,440,000	7,440,000
JB	8.80	7 July 1995	5,000,000	5,000,000
JC	9.16	9 September 1995	5,000,000	5,000,000
JD	8.95	10 December 1995	10,802,000	10,802,000
JE	9.07	9 February 1996	10,461,000	10,461,000
JF	9.03	9 April 1996	15,000,000	15,000,000

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## BRITISH COLUMBIA REGIONAL HOSPITAL DISTRICTS FINANCING AUTHORITY

## SCHEDULE OF LONG TERM DEBT

AS AT 31 MARCH 1981

SCHEDULE 2  
(Continued)

<u>Series</u>	<u>Interest Rate %</u>	<u>Date of Maturity</u>	<u>1981</u>	<u>1980</u>
JG	9.04	7 May 1996	9,000,000	9,000,000
JH	9.00	7 June 1996	10,023,000	10,023,000
JJ	8.97	9 July 1996	5,702,000	5,702,000
JK	9.25	10 November 1996	10,275,000	10,275,000
JL	9.25	10 November 1996	2,377,000	2,377,000
KB	10.00	13 September 1996	5,000,000	5,000,000
JM	9.02	10 January 1997	8,221,000	8,221,000
JN	9.03	7 April 1997	15,000,000	15,000,000
JO	9.22	10 May 1997	7,000,000	7,000,000
JP	9.18	10 June 1997	3,500,000	3,500,000
JQ	9.06	8 July 1997	6,000,000	6,000,000
JR	9.00	10 August 1997	5,000,000	5,000,000
JS	8.77	7 October 1997	7,000,000	7,000,000
JT	8.98	9 December 1997	12,073,000	12,073,000
JU	9.37	10 March 1998	10,680,000	10,680,000
KA	9.49	10 May 1998	5,000,000	5,000,000
KB	9.41	9 June 1998	5,000,000	5,000,000
KC	9.46	10 July 1998	5,000,000	5,000,000
KD	9.49	10 August 1998	9,000,000	9,000,000
KE	9.36	8 September 1998	7,000,000	7,000,000
KF	9.46	10 November 1998	13,000,000	13,000,000
KG	9.82	10 January 1999	3,000,000	3,000,000
KH	10.16	9 March 1999	10,000,000	10,000,000
KI	10.26	10 April 1999	15,000,000	15,000,000
KJ	10.20	10 May 1999	4,000,000	4,000,000
KK	10.02	8 June 1999	3,500,000	3,500,000
KL	10.02	10 July 1999	10,000,000	10,000,000
KM	9.98	10 August 1999	16,905,000	16,905,000
KN	10.22	10 September 1999	2,012,000	2,012,000
KO	10.49	10 October 1999	6,700,000	6,700,000
KP	10.68	9 November 1999	6,450,000	6,450,000
KQ	11.24	10 January 2000	4,263,000	4,263,000
KR	12.74	10 March 2000	14,950,000	14,950,000

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## BRITISH COLUMBIA REGIONAL HOSPITAL DISTRICTS FINANCING AUTHORITY

## SCHEDULE OF LONG TERM DEBT

AS AT 31 MARCH 1981

SCHEDULE 2  
(Continued)

<u>Series</u>	<u>Interest Rate %</u>	<u>Date of Maturity</u>	<u>1981</u>	<u>1980</u>
KS	13.39	10 April 2000	8,288,000	-
KT	13.46	9 May 2000	4,152,000	-
KU	12.01	10 June 2000	8,000,000	-
KV	11.82	10 July 2000	3,750,000	-
KW	11.61	8 August 2000	13,638,000	-
KX	12.55	10 September 2000	4,118,000	-
KY	12.50	10 October 2000	7,253,000	-
KZ	13.09	10 November 2000	4,050,000	-
K1	13.30	10 December 2000	4,825,000	-
K2	13.18	9 January 2001	2,094,000	-
KA	10.40	20 January 2001	2,000,000	2,000,000
K3	13.13	10 March 2001	21,347,000	-
Total long-term debt, at par value			<u>\$553,759,000</u>	<u>\$472,244,000</u>



**BRITISH COLUMBIA RESEARCH COUNCIL****BRITISH COLUMBIA RESEARCH COUNCIL**

(Incorporated under the Societies Act of British Columbia)

**Balance Sheet — December 31, 1980**

<b>Assets</b>	<b>1980</b>	<b>1979</b>
<b>Current:</b>		
Cash and short-term deposits	\$ 248,009	\$ 291,442
Accounts receivable	893,646	849,427
Work in process	601,926	390,202
Advances to wholly-owned subsidiary	625,334	537,379
Prepaid expenses	17,528	10,849
	<u>2,386,443</u>	<u>2,079,299</u>
Portfolio investments, quoted market value (1980, \$255,354; 1979, \$242,680)	242,667	250,085
Investment in wholly-owned subsidiary (Note 2)	74,903	94,942
Fixed assets (Note 3)	<u>1,356,615</u>	<u>1,316,059</u>
	<u>\$ 4,060,628</u>	<u>\$ 3,740,385</u>
<b>Liabilities</b>		
<b>Current:</b>		
Bank indebtedness	\$ —	\$ 375,000
Accounts payable and accrued liabilities	440,958	357,792
Payments received in advance	480,962	228,174
	<u>921,920</u>	<u>960,966</u>
<b>Fund Balance</b>		
Accumulated excess of revenues over expenditures	<u>3,138,708</u>	<u>2,779,419</u>
	<u>\$ 4,060,628</u>	<u>\$ 3,740,385</u>

See accompanying notes

Approved by the Board of Management:

J.S. MacDonald

W.R. Steen

**BRITISH COLUMBIA RESEARCH COUNCIL****Statement of Revenues and Expenditures — Year Ended December 31, 1980**

	1980	1979
Revenues (Note 4)	\$ 6,784,517	\$ 4,708,033
Expenditures:		
Laboratory and technical services:		
Contract and in-house research	3,896,422	2,613,241
Administration and promotion	866,178	696,187
	<u>4,762,600</u>	<u>3,309,428</u>
General support services:		
Administration and promotion	163,520	130,179
Accounting	182,750	138,871
Building services	329,152	268,131
Depreciation	186,837	181,171
Library	122,110	86,973
Office	322,126	275,079
Personnel	138,423	114,974
Photography	11,662	10,097
Purchasing	125,598	88,212
Workshop	60,411	51,942
	<u>1,642,589</u>	<u>1,345,629</u>
Total expenditures	<u>6,405,189</u>	<u>4,655,057</u>
Excess of revenues over expenditures before the undernoted	379,328	52,976
Earnings (loss) of wholly-owned subsidiary (Note 2)	<u>(20,039)</u>	<u>10,332</u>
Excess of revenues over expenditures	\$ 359,289	\$ 63,308

See accompanying notes

**Statement of Accumulated Excess of Revenues Over Expenditures — Year Ended December 31, 1980**

	1980	1979
Unappropriated:		
Balance, beginning of year	\$ 2,379,419	\$ 2,316,111
Excess of revenues over expenditures	359,289	63,308
Balance, end of year	<u>2,738,708</u>	<u>2,379,419</u>
Appropriated for research and development	<u>400,000</u>	<u>400,000</u>
Accumulated excess of revenues over expenditures	\$ 3,138,708	\$ 2,779,419

See accompanying notes



**BRITISH COLUMBIA RESEARCH COUNCIL****Statement of Changes in Financial Position — Year Ended December 31, 1980**

	1980	1979
Financial resources were provided by:		
Excess of revenues over expenditures	\$ 359,289	\$ 63,308
Add (deduct) items not involving a current outlay (receipt) of working capital:		
Depreciation	186,837	181,171
Loss (earnings) of wholly-owned subsidiary	20,039	(10,332)
Gain on sale of investments	(2,970)	(2,350)
Working capital provided by operations	563,195	231,797
Government of Canada equipment grant	—	54,549
Proceeds from disposition of long-term investments	25,921	369,139
	<u>589,116</u>	<u>655,485</u>
Financial resources were used for:		
Purchase of equipment	227,393	249,934
Purchase of long-term investments	15,533	82,020
	<u>242,926</u>	<u>331,954</u>
Increase in working capital	346,190	323,531
Working capital, beginning of year	<u>1,118,333</u>	<u>794,802</u>
Working capital, end of year	<u>\$ 1,464,523</u>	<u>\$ 1,118,333</u>

See accompanying notes

**Auditors' Report****To the Members of  
British Columbia Research Council**

We have examined the balance sheet of British Columbia Research Council as at December 31, 1980 and the statements of revenues and expenditures, accumulated excess of revenues over expenditures and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Council as at December 31, 1980 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, B.C.  
February 17, 1981

LAVENTHOL & HORWATH  
Chartered Accountants

**BRITISH COLUMBIA RESEARCH COUNCIL****Notes to Financial Statements — December 31, 1980****1. Summary of significant accounting policies:**

Work in process:

Work in process is stated at the lower of cost or expected net realizable value.

Investments:

Investments are recorded at cost and have been classified as non-current assets as it is the intention of management to maintain a permanent investment portfolio.

Investment in wholly-owned subsidiary:

The accounts of Techwest Enterprises Ltd. have not been consolidated with the accounts of British Columbia Research Council because of the profit-oriented nature of the subsidiary's activities, while the Council is a non-profit organization. The investment is accounted for by the equity method. Under the equity method the Council reflects its interest in earnings of the subsidiary (adjusted for inter-company profits/losses) in the statement of revenues and expenditures and the investment is carried on the balance sheet at cost plus the Council's interest in the adjusted undistributed earnings/losses since acquisition.

Fixed assets:

These assets are stated at cost, including labour, material and overhead for self-constructed assets, net of any related government grants and accumulated depreciation.

Depreciation is being provided by the declining balance method at the following annual rates:

Buildings — 2-½%  
Equipment — 20%  
Automotive — 30%

Translation of foreign currency:

Cash, receivables and payables arising from transactions denominated in U.S. currency are adjusted to reflect the rate of exchange prevailing at the balance sheet date. (\$1 U.S. equals, \$1.185 Canadian at December 31, 1980.)

**2. Investment in wholly-owned subsidiary:**

A condensed balance sheet and statement of income of Techwest Enterprises Ltd. follows:

**Balance Sheet — December 31, 1980**

	1980	1979
Current assets	\$ 782,491	\$ 728,468
Equipment, at cost less accumulated depreciation	8,439	10,365
	<u>\$ 790,930</u>	<u>\$ 738,833</u>
Current liabilities	\$ 716,027	\$ 643,891
Shareholder's equity:		
Capital stock	250,010	250,010
Deficit	(175,107)	(155,068)
	<u>74,903</u>	<u>94,942</u>
	<u>\$ 790,930</u>	<u>\$ 738,833</u>

## BRITISH COLUMBIA RESEARCH COUNCIL

## Statement of Income — Year Ended December 31, 1980

	1980	* 1979
Sales	\$ 950,759	\$ 1,112,153
Cost of sales	823,142	935,813
Gross profit	127,617	176,340
Operating expenses	147,656	166,008
Net income (loss)	\$ (20,039)	\$ 10,332

## 3. Fixed assets:

	1980				1979
	Cost	Grants	Accumulated Depreciation	Net	Net
Buildings	\$4,934,628	\$4,029,805	\$ 225,114	\$ 679,709	\$ 660,309
Laboratory equipment	2,745,125	510,968	1,662,660	571,497	573,933
Office equipment	334,992	—	230,600	104,392	80,364
Automotive	9,610	—	8,593	1,017	1,453
	<u>\$8,024,355</u>	<u>\$4,540,773</u>	<u>\$2,126,967</u>	<u>\$1,356,615</u>	<u>\$1,316,059</u>

## 4. Revenues:

	1980	1979
Contract	\$ 5,959,476	\$ 4,007,184
Government of British Columbia research grant	464,650	350,349
Royalties	38,317	114,982
Investment income	148,933	83,658
Rental income	173,141	151,860
	<u>\$ 6,784,517</u>	<u>\$ 4,708,033</u>

The contribution of the Government of British Columbia to British Columbia Research Council is applied to defray costs of high-risk exploratory in-house research of particular relevance to British Columbia and for underwriting free services such as the Technical Information Service. The grant is not used to underwrite the cost of contract work done for sponsors.

## BRITISH COLUMBIA SCHOOL DISTRICTS FINANCING AUTHORITY



Province of  
British Columbia

Office of the  
Auditor General  
Province of British Columbia

8 Bastion Square  
Victoria  
British Columbia  
V8V 1X4


## AUDITOR'S REPORT

To the Chairman and Members of the  
British Columbia School Districts Capital Financing Authority, and

To the Minister of Finance  
Province of British Columbia:

I have examined the statement of assets and liabilities of the British Columbia School Districts Capital Financing Authority as at 31 March 1981 and the statement of sources and uses of funds for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Authority as at 31 March 1981 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied, after giving retroactive effect to the changes in the method of accounting for accrued interest receivable and payable, U.S. exchange, and the basis of valuation of sinking fund investments as explained in Note 3 to the financial statements, on a basis consistent with that of the preceding year.

  
Erma Morrison, C.A.  
Auditor General

Victoria, British Columbia  
13 October 1981

## BRITISH COLUMBIA SCHOOL DISTRICTS CAPITAL FINANCING AUTHORITY

## STATEMENT OF ASSETS AND LIABILITIES

AS AT 31 MARCH 1981

	ASSETS	
	<u>1981</u>	<u>1980</u> (note 3)
Current:		
Accrued interest receivable (note 3)	\$ 27,512,778	\$ 24,005,895
Current portion of long-term loans receivable	<u>3,717,000</u>	<u>3,740,500</u>
	<u>31,229,778</u>	<u>27,746,395</u>
Long-term loans receivable (notes 1,2, and schedule 1)		
Serial	11,401,000	15,212,000
Sinking fund	<u>1,091,456,558</u>	<u>1,022,372,297</u>
	1,102,857,558	1,037,584,297
Less accumulated sinking fund instalments and investment income (note 5)	<u>303,023,767</u>	<u>246,392,662</u>
	<u>799,833,791</u>	<u>791,191,635</u>
	<u>\$ 831,063,569</u>	<u>\$ 818,938,030</u>

LIABILITIES		
Current		
Accrued interest payable (note 3)	\$ 27,512,778	\$ 24,005,895
Current portion of long-term debt	<u>3,717,000</u>	<u>3,740,500</u>
	<u>31,229,778</u>	<u>27,746,395</u>
Long-term debt (note 4 and schedule 2)		
Serial	11,401,000	15,212,000
Sinking fund	<u>1,091,456,558</u>	<u>1,022,372,297</u>
	1,102,857,558	1,037,584,297
Less sinking funds on deposit with the Minister of Finance of the Province of British Columbia (note 5)	<u>303,023,767</u>	<u>246,392,662</u>
	<u>799,833,791</u>	<u>791,191,635</u>
	<u>\$ 831,063,569</u>	<u>\$ 818,938,030</u>

The five accompanying notes are an integral part of these financial statements.

Approved by the Authority:

  
H.A. Curtis, Chairman

  
L.I. Bell, Secretary

## BRITISH COLUMBIA SCHOOL DISTRICTS CAPITAL FINANCING AUTHORITY

## STATEMENT OF SOURCES AND USES OF FUNDS

FOR THE YEAR ENDED 31 MARCH 1981

	<u>1981</u>	<u>1980</u> (note 3)
Sources of Funds		
Proceeds of Authority debentures issued	\$ 69,744,000	\$ 88,592,000
Debentures redeemed by School Districts	3,740,500	3,643,250
Unrealized foreign exchange gain (loss) on long-term debt	753,739	(3,216,446)
Interest on long-term loans receivable (note 3)	90,470,289	81,884,848
Sinking fund instalments received from School Districts	28,074,477	26,979,223
Income on sinking fund investments	<u>28,556,628</u>	<u>22,385,846</u>
	<u>\$ 221,339,633</u>	<u>\$ 220,268,721</u>
Uses of Funds		
Loans to School Districts	69,744,000	88,592,000
Debentures redeemed by the Authority	3,740,500	3,643,250
Unrealized foreign exchange loss (gain) on long-term receivables	753,739	(3,216,446)
Interest on long-term debt (note 3)	90,470,289	81,884,848
Instalments paid into sinking funds	28,074,477	26,979,223
Investment income allocated to sinking funds	<u>28,556,628</u>	<u>22,385,846</u>
	<u>\$ 221,339,633</u>	<u>\$ 220,268,721</u>
Change in financial position	<u>\$ NIL</u>	<u>\$ NIL</u>



## BRITISH COLUMBIA SCHOOL DISTRICTS CAPITAL FINANCING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

AS AT 31 MARCH 1981

## 1. The Authority

The Authority was established by the School District Capital Finance Act, R.S. 1979 Chapter 376.

Section 2 of the Act states that: "the object of the Authority is to assist the boards of school trustees of the various school districts created under the School Act to finance their capital expenditures by purchasing debentures issued by boards of school trustees with money raised by the issue and sale of debentures of the Authority."

## 2. Letters of Undertaking

Loans issued by the Authority during the year totalling \$28,461,000 were not secured by debentures. As a temporary measure, the School Districts have given Letters of Undertaking to issue debentures for these amounts.

## 3. Significant accounting policies

- (a) The accounts of the Authority were maintained on a cash basis, modified to include interest accrued on sinking fund investments for all accounting periods up to and including the year ended 31 March 1980. For the year ended 31 March 1981, the accounts of the Authority have been maintained on a full accrual basis. As a result of the change, interest accrued on loans receivable and long-term debt is included in the financial statements.
- (b) Sinking funds are maintained by the Trustee, the Minister of Finance of the Province of British Columbia, to provide for retirement of Authority debentures at maturity. Sinking fund instalments, income earned by sinking fund investments, and the corresponding investment of the income by the sinking fund trustee have been reflected in the statement of sources and uses of funds.

## BRITISH COLUMBIA SCHOOL DISTRICTS CAPITAL FINANCING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

AS AT 31 MARCH 1981

## 3. Significant accounting policies (continued)

- (c) In prior years, financial statement items denominated in United States dollars were stated at par. In these financial statements, loans receivable, debt payable, and related accrued interest receivable and payable denominated in United States dollars have been converted to Canadian dollars at the rate prevailing at 31 March 1981. Interest payments and sinking fund instalments were converted at the rate prevailing on the dates of payment and receipt.
- (d) Sinking fund investments, previously reported at par value, are now stated at cost.
- (e) The comparative figures for the year ended 31 March 1980 have been restated to give effect to the changes.
- (f) The effects of the changes in accounting policies are as follows:
- (i) The figures for accrued interest receivable and payable were not previously disclosed.
  - (ii) The figures for loans receivable and payable have been increased by \$14,978,558 (1980: \$16,222,797) over the amounts that otherwise would have been shown.
  - (iii) The figures for debentures redeemed by the School Districts and by the Authority have been increased by \$490,500 (1980: \$393,250).
  - (iv) The figures for unrealized foreign exchange gains or losses on long-term debt and receivables were not previously disclosed.
  - (v) The figures for interest on long-term receivables and debt have been increased by \$4,290,285 (1980: \$2,136,969).
  - (vi) The figures for sinking fund instalments received from School Districts and paid into sinking funds have been increased by \$412,686 (1980: \$352,276).
  - (vii) The figures for accumulated sinking fund instalments and investment income, and sinking funds on deposit with the Minister of Finance of British Columbia have been decreased by \$1,438,671 (1980: \$1,383,216).



## BRITISH COLUMBIA SCHOOL DISTRICTS CAPITAL FINANCING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

AS AT 31 MARCH 1981

## 4. Long-term debt

Issued to:	<u>1981</u>	<u>1980</u>
Canada Pension Plan Investment Fund 6.40% to 13.46% debentures, due 1988 through 2001.	\$ 832,062,000	\$ 767,518,000
Province of British Columbia Pension Funds 4.63% to 8.08% debentures, due 1981 through 1993.	76,721,510	77,201,326
Province of British Columbia Boards, Agencies and Commissions 4.64% to 11.00% debentures due 1981 through 1986 (includes \$9,575,400 of debentures held by the Authority sinking funds).	96,768,644	91,345,000
Other		
6.25% debentures, due 1986.	7,823,000	7,824,000
4.50% to 6.25% debentures, due 1981 through 1987.	<u>93,199,404</u>	<u>97,436,471</u>
	1,106,574,558	1,041,324,797
Less current portion	<u>3,717,000</u>	<u>3,740,500</u>
	<u>\$1,102,857,558</u>	<u>\$1,037,584,297</u>

Debentures issued to the Canada Pension Plan Investment Fund are redeemable on six months notice, in whole or in part before maturity, at the option of the Minister of Finance of Canada.

The Province of British Columbia has unconditionally guaranteed the payment of principal and interest on long-term debt.

## BRITISH COLUMBIA SCHOOL DISTRICTS CAPITAL FINANCING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

AS AT 31 MARCH 1981

## 5. Sinking funds

	<u>1981</u>	<u>1980</u>
<u>Assets as at 31 March 1981</u>		
Cash	\$ 306,450	\$ 681,392
Investments at cost	295,473,393	240,257,357
Accrued interest	<u>7,243,924</u>	<u>5,453,913</u>
	<u>\$ 303,023,767</u>	<u>\$ 246,392,662</u>
Investments: market value	\$ 239,367,174	\$ 189,336,430
par value	\$ 296,912,064	\$ 241,640,573

Sinking fund investments include \$9,575,400 (par value) of debentures issued by the Authority.

Sinking fund instalments of \$29,590,963 are due in each of the next five years. Serial debentures maturities of \$3,250,000 are due in fiscal years 1982 to 1984 inclusive, \$2,500,000 due in 1985, and \$1,000,000 due in 1986, not including U.S. exchange.

## BRITISH COLUMBIA SCHOOL DISTRICTS CAPITAL FINANCING AUTHORITY

## SCHEDULE OF LOANS TO SCHOOL DISTRICTS

AS AT 31 MARCH 1981

## SCHEDULE 1

No.	School District	Interest Rates %	Dates of Maturity	1981	
				1981	1980
1	Fernie	4.50-13.13	1981-2001	\$ 11,687,000	\$ 11,295,000
2	Cranbrook	4.50-13.46	1981-2000	7,491,000	6,792,000
3	Kimberley	4.50-11.50	1981-1999	2,844,000	2,855,800
4	Windermere	4.63-10.49	1981-1999	3,571,800	3,579,800
7	Nelson	4.50-13.46	1981-2001	7,685,500	6,074,000
9	Castlegar	4.50-13.30	1981-2001	7,061,700	6,374,200
10	Arrow Lakes	5.50-13.09	1986-2000	1,422,000	1,367,000
11	Trail	4.50-13.09	1981-2000	3,675,200	3,395,000
12	Grand Forks	4.50-13.09	1981-2000	4,383,000	4,026,000
13	Kettle Valley	6.92-10.68	1989-1999	2,714,000	2,714,000
14	South Okanagan	4.50-13.39	1981-2000	6,466,000	5,977,000
15	Penticton	4.63-13.46	1981-2000	8,833,000	7,769,000
16	Keremeos	5.50-11.50	1986-1999	859,000	859,000
17	Princeton	5.88-13.30	1987-2001	3,531,000	2,601,000
18	Golden	4.50-10.26	1981-1999	2,648,000	2,679,000
19	Revelstoke	4.50-12.50	1981-2000	5,401,500	5,330,000
21	Armstrong- Spallumcheen	4.50-13.09	1981-2000	2,671,000	2,631,000
22	Vernon	4.75-13.13	1981-2001	19,162,000	18,543,000
23	Central Okanagan	4.63-13.46	1981-2000	55,013,000	53,902,000
24	Kamloops	4.63-13.46	1981-2001	41,871,500	38,362,000
26	North Thompson	5.00-13.09	1986-2000	7,355,000	7,295,000
27	Cariboo-Chilcotin	4.50-13.39	1981-2001	24,692,500	22,951,000
28	Quesnel	4.63-13.39	1981-2000	13,725,000	12,884,000
29	Lillooet	4.50-12.50	1981-2000	2,472,000	2,334,000
30	South Cariboo	4.75-13.09	1981-2000	6,192,100	5,995,800
31	Merritt	4.50-13.39	1981-2000	5,887,000	5,237,000
32	Hope	4.50-13.39	1981-2000	3,254,200	2,797,500
33	Chilliwack	4.50-13.46	1981-2000	11,010,500	10,390,000
34	Abbotsford	4.75-13.46	1981-2000	27,415,700	25,600,600
35	Langley	4.50-13.13	1981-2001	34,012,000	31,463,000
36	Surrey	4.50-13.46	1981-2001	49,035,500	45,857,000
37	Delta	4.50-11.61	1981-2000	46,937,400	46,679,000
38	Richmond	4.50-13.09	1981-2000	29,049,700	26,726,000
39	Vancouver	4.50-13.13	1981-2001	55,919,000	51,612,000
40	New Westminster	4.50-13.46	1981-2000	7,515,000	5,934,000

## BRITISH COLUMBIA SCHOOL DISTRICTS CAPITAL FINANCING AUTHORITY

## SCHEDULE OF LOANS TO SCHOOL DISTRICTS

AS AT 31 MARCH 1981

SCHEDULE 1  
(continued)

<u>No.</u>	<u>School District</u>	<u>Interest Rates %</u>	<u>Dates of Maturity</u>	<u>1981</u>	<u>1980</u>
41	Burnaby	4.50-13.30	1981-2000	22,512,500	21,675,500
42	Maple Ridge	4.63-13.46	1981-2001	17,918,500	15,782,500
43	Coquitlam	4.50-13.39	1981-2001	53,881,000	52,638,000
44	North Vancouver	4.50-13.46	1981-2000	42,708,500	42,157,000
45	West Vancouver	4.50-12.50	1981-2000	8,580,500	8,574,500
46	Sunshine Coast	4.63-13.39	1981-2000	8,070,500	7,634,000
47	Powell River	4.50-11.61	1981-2000	5,984,300	5,907,900
48	Howe Sound	4.50-13.09	1981-2000	9,311,600	8,914,800
49	Central Coast	6.40-13.39	1988-2000	2,206,000	1,640,000
50	Queen Charlotte	5.13-13.30	1981-2001	3,818,500	3,262,000
52	Prince Rupert	4.63-13.46	1981-2001	7,462,000	6,433,000
54	Smithers	5.00-13.46	1981-2000	10,792,000	9,826,000
55	Burns Lake	5.00-11.82	1986-2000	7,212,000	7,058,000
56	Nechako	4.50-13.30	1981-2000	11,907,600	11,487,000
57	Prince George	4.50-13.39	1981-2001	77,765,000	72,127,600
59	Peace River South	4.50-12.50	1981-2000	8,660,000	8,402,000
60	Peace River North	4.50-13.46	1981-2000	12,342,500	9,777,000
61	Greater Victoria	4.50-13.46	1981-2000	39,812,000	38,872,000
62	Sooke	4.50-13.39	1981-2000	16,764,400	16,395,200
63	Saanich	4.50-13.30	1981-2001	15,772,100	14,476,800
64	Gulf Islands	5.00-13.09	1986-2000	4,174,000	4,119,000
65	Cowichan	4.50-13.39	1981-2000	14,088,000	13,107,000
66	Lake Cowichan	4.75-13.30	1981-2000	2,935,000	2,822,000
68	Nanaimo	4.50-13.09	1981-2000	33,005,000	31,430,000
69	Qualicum	4.50-13.09	1981-2000	8,442,000	8,242,000
70	Alberni	4.50-13.09	1981-2000	11,230,600	11,098,000
71	Courtenay	4.50-13.13	1981-2001	11,130,800	10,971,500
72	Campbell River	4.50-13.39	1981-2000	13,350,000	9,999,000
75	Mission	5.38-13.46	1981-2001	7,820,200	6,661,200
76	Aggasiz-Harrison	5.25- 9.84	1981-1998	1,045,000	1,050,000
77	Summerland	5.50-13.39	1986-2001	3,104,000	2,604,000
80	Kitimat	5.00-13.13	1986-2001	6,252,000	5,152,000
81	Fort Nelson	4.75-12.74	1981-2000	5,315,000	5,158,000
84	Vancouver Island West	5.13-11.50	1986-1999	3,851,000	3,851,000
85	Vancouver Island North	4.50-13.09	1981-2000	13,104,000	12,533,000
86	Creston-Kaslo	4.63-13.39	1981-2000	4,962,000	4,166,000

## BRITISH COLUMBIA SCHOOL DISTRICTS CAPITAL FINANCING AUTHORITY

## SCHEDULE OF LOANS TO SCHOOL DISTRICTS

AS AT 31 MARCH 1981

				SCHEDULE 1 (continued)	
No.	School District	Interest Rates %	Dates of Maturity	1981	1980
87	Stikine	5.88-11.50	1986-1999	2,501,000	2,410,0
88	Terrace	4.50-13.39	1981-2001	22,514,500	21,730,0
89	Shuswap	4.50-13.46	1981-2001	15,326,600	13,575,8
92	Nisgha	10.20	1999	500,000	500,0
				<u>\$1,091,596,000</u>	<u>\$1,025,102,0</u>
Add:	U.S. exchange			14,978,558	16,222,7
				<u>1,106,574,558</u>	<u>1,041,324,7</u>
Less:	Current portion			3,717,000	3,740,5
				<u>\$1,102,857,558</u>	<u>\$1,037,584,2</u>

The debentures of the School Districts are redeemable in whole or in part before maturity at the option of the Chairman of the Authority.

The Province of British Columbia has unconditionally guaranteed payment of principal and interest on School District debentures.

## BRITISH COLUMBIA SCHOOL DISTRICTS CAPITAL FINANCING AUTHORITY

## SCHEDULE OF LONG-TERM DEBT

AS AT 31 MARCH 1981

## SCHEDULE 2

## Serial Debentures

<u>Series</u>	<u>Interest Rate %</u>	<u>Dates of Maturity</u>	<u>1981</u>	<u>1980</u>
C	5.25	15 November 1981-1983	\$ 750,000	\$ 1,000,000
H	5.38	1 September 1981-1985	2,500,000	3,000,000
			3,250,000	4,000,000
			-----	-----

## Sinking Fund Debentures

<u>Series</u>	<u>Interest Rate %</u>	<u>Date of Maturity</u>		
M	6.25	1 November 1986	20,000,000	20,000,000
N	6.25	16 February 1987	25,000,000	25,000,000
V	6.75	15 November 1987	1,000,000	1,000,000
W	6.88	15 December 1987	15,000,000	15,000,000
X	6.88	15 January 1988	10,000,000	10,000,000
Y-1	6.61	1 May 1988	5,000,000	5,000,000
Y-2	6.66	5 August 1988	5,271,000	5,271,000
Y-3	6.40	1 October 1988	10,112,000	10,112,000
Y-4	6.92	2 January 1989	4,035,000	4,035,000
Y-5	7.26	2 June 1989	4,264,000	4,264,000
BA	7.45	15 July 1989	10,000,000	10,000,000
Y-6	7.60	1 October 1989	4,916,000	4,916,000
Y-7	7.94	3 November 1989	5,367,000	5,367,000
Y-A	7.83	8 December 1989	6,468,000	6,468,000
Y-B	8.17	5 January 1990	6,391,000	6,391,000
Y-C	8.33	2 February 1990	3,094,000	3,094,000
Y-D	8.29	3 March 1990	10,319,000	10,319,000
Y-E	8.14	1 April 1990	3,155,000	3,155,000
Y-F	7.85	1 May 1990	6,000,000	6,000,000
BT	11.00	2 July 1990	5,200,000	-
BB	8.08	1 August 1990	6,000,000	6,000,000
BC	7.91	1 November 1990	10,500,000	10,500,000
BD	7.01	15 January 1991	10,000,000	10,000,000
BE	6.79	1 March 1991	3,000,000	3,000,000
BF	6.90	30 March 1991	6,000,000	6,000,000
BG	7.08	15 June 1991	7,000,000	7,000,000
BH	7.54	15 September 1991	10,000,000	10,000,000
BJ	7.14	1 November 1991	899,000	899,000



## BRITISH COLUMBIA SCHOOL DISTRICTS CAPITAL FINANCING AUTHORITY

## SCHEDULE OF LONG-TERM DEBT

AS AT 31 MARCH 1981

SCHEDULE 2  
(continued)

<u>Series</u>	<u>Interest Rate %</u>	<u>Date of Maturity</u>	<u>1981</u>	<u>1980</u>
YG	7.14	10 November 1991	9,101,000	9,101,000
BK	6.93	30 December 1991	5,000,000	5,000,000
YH	6.90	1 March 1992	8,000,000	8,000,000
YJ	7.38	10 May 1992	7,014,000	7,014,000
BL	7.45	2 July 1992	7,000,000	7,000,000
YK	7.49	10 August 1992	6,260,000	6,260,000
YL	7.50	7 September 1992	5,000,000	5,000,000
YM	7.49	10 October 1992	5,000,000	5,000,000
YN	7.51	10 November 1992	8,907,000	8,907,000
YO	7.38	8 December 1992	8,199,000	8,199,000
YP	7.26	10 January 1993	4,627,000	4,627,000
YQ	7.34	9 May 1993	10,000,000	10,000,000
YR	7.69	9 July 1993	10,000,000	10,000,000
BP	8.50	1 October 1993	7,500,000	7,500,000
YS	7.50	10 December 1993	7,726,000	7,726,000
Z	7.00	15 December 1993	7,000,000	7,000,000
YT	7.53	8 February 1994	9,487,000	9,487,000
YU	7.61	10 April 1994	10,197,000	10,197,000
YV-1	8.01	9 May 1994	10,000,000	10,000,000
YV-2	8.01	10 May 1994	4,469,000	4,469,000
YW	8.46	6 June 1994	7,124,000	7,124,000
YX	9.05	8 August 1994	10,000,000	10,000,000
YY-1	9.07	9 December 1994	10,000,000	10,000,000
YY-2	9.07	10 December 1994	538,000	538,000
YZ	8.63	9 January 1995	8,177,000	8,177,000
ZA	8.46	10 February 1995	5,207,000	5,207,000
ZB-1	8.38	7 March 1995	10,000,000	10,000,000
ZB-2	8.38	10 March 1995	12,656,000	12,656,000
ZC	8.21	10 April 1995	7,722,000	7,722,000
ZD-1	8.65	8 May 1995	10,000,000	10,000,000
ZD-2	8.65	9 May 1995	10,000,000	10,000,000
ZE	8.96	10 June 1995	7,310,000	7,310,000
ZF	8.80	8 July 1995	8,000,000	8,000,000
ZG	9.16	10 September 1995	7,348,000	7,348,000
ZH	9.48	10 November 1995	13,794,000	13,794,000
ZJ	9.14	9 January 1996	12,900,000	12,900,000
ZK	9.06	10 March 1996	5,648,000	5,648,000
CP-A	9.06	10 March 1996	20,481,000	20,481,000
CP-B	9.03	8 April 1996	6,919,000	6,919,000
CP-C	9.04	10 May 1996	18,073,000	18,073,000
CP-D	9.00	10 June 1996	18,000,000	18,000,000
CP-E	8.97	9 July 1996	10,000,000	10,000,000
CP-F	8.98	10 August 1996	7,840,000	7,840,000

## BRITISH COLUMBIA SCHOOL DISTRICTS CAPITAL FINANCING AUTHORITY

## SCHEDULE OF LONG-TERM DEBT

AS AT 31 MARCH 1981

SCHEDULE 2  
(continued)

<u>Series</u>	<u>Interest Rate %</u>	<u>Date of Maturity</u>	<u>1981</u>	<u>1980</u>
BR	10.00	13 September 1996	10,000,000	10,000,000
CP-G	8.93	8 October 1996	13,005,000	13,005,000
CP-H	9.25	10 November 1996	5,000,000	5,000,000
CP-J	9.22	10 December 1996	10,994,000	10,994,000
CP-K	8.73	10 February 1997	8,686,000	8,686,000
CP-L	8.83	10 March 1997	30,125,000	30,125,000
CP-M	9.03	7 April 1997	5,654,000	5,654,000
CP-N	9.22	10 May 1997	8,128,000	8,128,000
CP-O	9.18	10 June 1997	14,700,000	14,700,000
CP-P	9.06	8 July 1997	9,912,000	9,912,000
CP-Q	9.00	10 August 1997	8,000,000	8,000,000
CP-R	8.99	9 September 1997	8,000,000	8,000,000
CP-S	8.77	7 October 1997	6,000,000	6,000,000
CP-T	8.88	10 November 1997	8,000,000	8,000,000
CP-U	8.98	10 January 1998	5,310,000	5,310,000
CP-V	9.37	10 March 1998	20,000,000	20,000,000
CP-W	9.40	10 April 1998	12,000,000	12,000,000
CP-X	9.49	10 May 1998	12,000,000	12,000,000
CP-Y	9.41	9 June 1998	10,000,000	10,000,000
CP-Z	9.46	10 July 1998	4,593,000	4,593,000
CP-AA	9.49	10 August 1998	10,832,000	10,832,000
CP-AB	9.36	8 September 1998	8,764,000	8,764,000
CP-AC	9.35	10 October 1998	6,638,000	6,638,000
CP-AD	9.46	10 November 1998	9,995,000	9,995,000
CP-AE	9.84	8 December 1998	6,474,000	6,474,000
CP-AF	10.16	9 March 1999	10,000,000	10,000,000
CP-AG	10.26	10 April 1999	10,103,000	10,103,000
CP-AH	10.20	10 May 1999	22,572,000	22,572,000
CP-AI	10.02	8 June 1999	7,500,000	7,500,000
CP-AJ	10.02	10 July 1999	5,988,000	5,988,000
CP-AK	9.98	10 August 1999	6,000,000	6,000,000
CP-AL	10.22	10 September 1999	7,000,000	7,000,000
CP-AM	10.49	10 October 1999	4,000,000	4,000,000
CP-AN	10.68	9 November 1999	8,100,000	8,100,000
CP-AO	11.50	10 December 1999	6,000,000	6,000,000
CP-AP	12.74	10 March 2000	11,329,000	11,329,000



## BRITISH COLUMBIA SCHOOL DISTRICTS CAPITAL FINANCING AUTHORITY

## SCHEDULE OF LONG-TERM DEBT

AS AT 31 MARCH 1981

SCHEDULE 2  
(continued)

<u>Series</u>	<u>Interest Rate %</u>	<u>Date of Maturity</u>	<u>1981</u>	<u>1980</u>
CP-AQ	13.39	10 April 2000	8,000,000	-
CP-AR	13.46	9 May 2000	6,000,000	-
CP-AS	12.01	10 June 2000	7,083,000	-
CP-AT	11.82	10 July 2000	5,000,000	-
CP-AU	11.61	8 August 2000	5,000,000	-
CP-AV	12.55	10 September 2000	5,000,000	-
CP-AW	12.50	10 October 2000	5,000,000	-
CP-AX	13.09	10 November 2000	10,000,000	-
CP-AY	13.30	10 December 2000	3,461,000	-
CP-AZ	13.13	10 March 2001	10,000,000	-
			<u>1,008,161,000</u>	<u>938,417,000</u>

Payable in the United States of America in U.S. Dollars:  
Serial Debentures

<u>Series</u>	<u>Interest Rate %</u>	<u>Dates of Maturity</u>	<u>1981</u>	<u>1980</u>
A	5.00	14 May 1981-83	750,000	1,000,000
B	4.75	16 July 1981-83	750,000	1,000,000
D	4.75	1 April 1981-84	2,000,000	2,500,000
E	4.50	1 September 1981-84	2,000,000	2,500,000
F	4.63	1 February 1982-85	2,000,000	2,500,000
G	4.63	15 April 1981-85	2,500,000	3,000,000
			<u>10,000,000</u>	<u>12,500,000</u>

## BRITISH COLUMBIA SCHOOL DISTRICTS CAPITAL FINANCING AUTHORITY

## SCHEDULE OF LONG-TERM DEBT

AS AT 31 MARCH 1981

SCHEDULE 2  
(continued)

## Sinking Fund Debentures

<u>Series</u>	<u>Interest Rate %</u>	<u>Date of Maturity</u>	<u>1981</u>	<u>1980</u>
J	5.00	15 February 1986	12,000,000	12,000,000
K	5.50	9 May 1986	20,000,000	20,000,000
P	5.88	15 April 1987	25,000,000	25,000,000
Q to U	4.50 to 6.25	15 October 1987	13,185,000	13,185,000
			-----	-----
			70,185,000	70,185,000
			-----	-----
Total payable in the United States of America in U.S. Dollars			80,185,000	82,685,000
U.S. exchange			-----	-----
			14,978,558	16,222,797
			-----	-----
			95,163,558	98,907,797
			-----	-----
Total long-term debt			1,106,574,558	1,041,324,797
Less: Current portion			-----	-----
			3,717,000	3,740,500
			-----	-----
			\$1,102,857,558	\$1,037,584,297
			=====	=====

**BRITISH COLUMBIA STEAMSHIP COMPANY (1975) LTD.****THORNE  
RIDDELL**

Chartered Accountants

**AUDITORS' REPORT**

To the Shareholder of  
British Columbia Steamship Company (1975) Ltd.

We have examined the consolidated balance sheet of British Columbia Steamship Company (1975) Ltd. as at December 31, 1980 and the consolidated statements of income and deficit and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1980 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Chartered Accountants

Victoria, Canada  
March 4, 1981

BRITISH COLUMBIA STEAMSHIP COMPANY (1975) LTD.  
(Incorporated under the laws of Canada)

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1980

	ASSETS	1980	1979
CURRENT ASSETS			
Cash		\$ 53,068	\$ 97,578
Accounts receivable		112,482	51,255
Inventories		78,826	87,188
Prepaid expenses		29,614	39,965
		<u>273,990</u>	<u>275,986</u>
OTHER ASSET			
Organization costs			9,210
FIXED ASSETS (note 2)			
Vessel, equipment and leasehold improvements		2,518,306	2,513,479
Less accumulated depreciation		1,537,799	1,460,502
		<u>980,507</u>	<u>1,052,977</u>
		\$ 1,254,497	\$ 1,338,173
		<u><u>          </u></u>	<u><u>          </u></u>
	LIABILITIES		
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		\$ 428,453	\$ 182,852
Vessel lease payable (note 3)		1,987,735	
Demand debt and accrued interest payable (note 4)		5,031,823	2,629,304
		<u>7,448,011</u>	<u>2,812,156</u>
		<u><u>          </u></u>	<u><u>          </u></u>
	CAPITAL STOCK, CONTRIBUTED SURPLUS AND DEFICIT		
CAPITAL STOCK			
5 Common shares (note 5)		5	5
CONTRIBUTED SURPLUS		200,330	200,330
DEFICIT		(6,393,849)	(1,674,318)
		<u>(6,193,514)</u>	<u>(1,473,983)</u>
		\$ 1,254,497	\$ 1,338,173
		<u><u>          </u></u>	<u><u>          </u></u>

Commitments (note 6)

Approved by the Board

Director

Director

## BRITISH COLUMBIA STEAMSHIP COMPANY (1975) LTD.

## CONSOLIDATED STATEMENT OF INCOME AND DEFICIT

YEAR ENDED DECEMBER 31, 1980

	<u>1980</u>	<u>1979</u>
Revenue		
Passengers	\$ 1,806,473	\$ 4,038,664
On-board services	913,532	1,990,710
Vehicles		330,854
Sales commission - "Flying Princess" (note 7)	223,865	
Other	<u>54,961</u>	<u>84,441</u>
	<u>2,998,831</u>	<u>6,444,669</u>
Expenses		
On-board services		
Cost of sales	326,163	749,750
Operating expenses	<u>673,126</u>	<u>677,790</u>
	<u>999,289</u>	<u>1,427,540</u>
Ship operating expenses		
Deck	416,483	295,863
Engine room	440,208	423,267
Ship general	323,309	459,026
Fuel	423,229	803,416
Seattle terminal	530,928	455,332
Victoria terminal	<u>417,097</u>	<u>282,157</u>
	<u>3,550,543</u>	<u>4,146,601</u>
Income (loss) before non-operating expenses	<u>(551,712)</u>	<u>2,298,068</u>
Administration and selling		
Administration	474,464	530,436
Selling	<u>507,135</u>	<u>362,573</u>
	<u>981,599</u>	<u>893,009</u>
Income (loss) before undernoted expenses	<u>(1,533,311)</u>	<u>1,405,059</u>
Vessel lease	1,987,735	
Temporary terminal modification	323,430	
"Princess Marguerite" survey and docking	286,029	
Refit		103,459
Interest	502,519	347,889
Depreciation	77,297	502,500
Organization costs written off	<u>9,210</u>	<u>1,842</u>
	<u>3,186,220</u>	<u>955,690</u>
NET INCOME (LOSS)	<u>(4,719,531)</u>	<u>449,369</u>
DEFICIT AT BEGINNING OF YEAR	<u>(1,674,318)</u>	<u>(2,123,687)</u>
DEFICIT AT END OF YEAR	<u>\$ (6,393,849)</u>	<u>\$ (1,674,318)</u>

BRITISH COLUMBIA STEAMSHIP COMPANY (1975) LTD.  
 CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION  
 YEAR ENDED DECEMBER 31, 1980

	<u>1980</u>	<u>1979</u>
WORKING CAPITAL DERIVED FROM		
Operations		
Net income	\$	\$ 449,369
Depreciation and amortization which do not involve working capital		<u>504,342</u>
		953,711
Proceeds from the sale of fixed assets		<u>2,150</u>
		<u>955,861</u>
WORKING CAPITAL APPLIED TO		
Operations		
Loss for the year	4,719,531	
Less depreciation and amortization	<u>86,507</u>	
	4,633,024	
Additions to fixed assets	<u>4,827</u>	<u>15,226</u>
	4,637,851	<u>15,226</u>
INCREASE (DECREASE) IN WORKING CAPITAL POSITION	<u>(4,637,851)</u>	<u>940,635</u>
WORKING CAPITAL DEFICIENCY AT BEGINNING OF YEAR	<u>(2,536,170)</u>	<u>(3,476,805)</u>
WORKING CAPITAL DEFICIENCY AT END OF YEAR	<u>\$ (7,174,021)</u>	<u>\$ (2,536,170)</u>

## BRITISH COLUMBIA STEAMSHIP COMPANY (1975) LTD.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1980

## 1. ACCOUNTING POLICIES

## (a) Principles of consolidation

The consolidated financial statements include the accounts of the company and its wholly-owned subsidiary, British Columbia Steamship Company Inc.

## (b) Inventories

Inventories are valued at lower of cost and net realizable value.

## (c) Fixed assets

Fixed assets are stated at cost less accumulated depreciation. The vessel, which was not in use in 1980, is carried at its 1979 scrap value. The leasehold improvements are depreciated on the straight-line basis over ten years. Other fixed assets are depreciated on the diminishing balance method at the annual rates indicated in note 2.

## (d) Translation of foreign currency

- (i) Current assets and current liabilities are translated into Canadian dollars at rates of exchange at the year end.
- (ii) Fixed assets are translated into Canadian dollars at average rates of exchange prevailing for the month in which assets were acquired.
- (iii) Revenues and expenses are translated into Canadian dollars at rates which approximate the average monthly rates of exchange for the month in which the transactions were recorded, with the exception of depreciation which reflects historic rates used for the related assets.



## BRITISH COLUMBIA STEAMSHIP COMPANY (1975) LTD.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1980

## 2. FIXED ASSETS

	Rate	1980			1979
		Cost	Accumulated depreciation	Net	Net
Vessel - T.E.V.					
"Princess Marguerite"		\$1,685,132	\$1,085,132	\$ 600,000	\$ 600,000
Automotive equipment	30%	15,764	12,766	2,998	4,283
Furniture and fixtures on shore	20%	15,456	9,419	6,037	6,249
Radio equipment	25%	29,079	21,966	7,113	9,484
Vessel equipment	20%	384,448	247,579	136,869	167,557
Tools	100%	550	550		
Cutlery, china and linen	100%	15,528	15,528		
Leasehold improvements - Victoria	1/10	5,555	1,910	3,645	4,252
Leasehold improvements - Seattle	1/10	366,794	142,949	223,845	261,152
		<u>\$2,518,306</u>	<u>\$1,537,799</u>	<u>\$ 980,507</u>	<u>\$1,052,977</u>

The "Princess Marguerite" is shown as an asset of the company even though title rests with Her Majesty the Queen in right of the Province of British Columbia.

## 3. VESSEL LEASE PAYABLE

\$1,987,735 is payable to the British Columbia Ferry Corporation, a Crown Corporation, for the lease and other related costs of the motor vessel "Victoria Princess", used during the 1980 operating season.

## 4. DEMAND DEBT AND ACCRUED INTEREST PAYABLE

	1980	1979
Demand debt	\$4,500,000	\$2,600,000
Accrued interest	531,823	29,304
	<u>\$5,031,823</u>	<u>\$2,629,304</u>

The demand debt is payable to the shareholder, the Province of British Columbia.

## BRITISH COLUMBIA STEAMSHIP COMPANY (1975) LTD.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1980

## 5. CAPITAL STOCK

The company is limited by its articles to issuing a maximum of 55,000 common shares.

## 6. COMMITMENTS

The company rents the terminal facilities in Seattle under a long term lease which expires in 1982, the annual rental for which is \$76,500 U. S. funds. The rental expense under this lease in the current period is \$88,786 Canadian funds. There is an option to extend the lease a further five years at an annual rental to be agreed upon.

The company is committed to certain expenditures required to return the "Princess Marguerite" to service in the 1981 operating season. The estimated cost required to complete the project is \$4,900,000, the funds for which are being negotiated as part of a refinancing being arranged with the Province of British Columbia.

## 7. SALES COMMISSION - "FLYING PRINCESS"

The company charged the Flying Princess Transportation Corporation a fee for both selling "Flying Princess" tickets through its facilities and for other administrative functions.

## 8. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The aggregate remuneration paid or payable to directors and senior officers of the company was \$183,719 (1979, \$169,689), of which \$3,300 was paid to directors as directors' fees and \$180,419 was paid or payable to senior officers as defined by the Company Act of British Columbia, under which the company is registered as an extra-provincial company.

## BRITISH COLUMBIA STEAMSHIP COMPANY (1975) LTD.

## SCHEDULE OF ON-BOARD SERVICES

YEAR ENDED DECEMBER 31, 1980

	1980			1979
	Revenue	Cost of sales	Operating expenses	Total costs
	\$	\$	\$	\$
Catering services				
Revenue	\$ 410,282			\$ 929,127
Cost of sales		143,212		377,257
Operating expenses			411,000	379,572
Income (loss)				756,829
				172,298
				(143,930)
Lounge				
Revenue	184,272			386,850
Cost of sales		24,687		56,362
Operating expenses			175,766	167,647
Income (loss)				224,009
				162,841
				(16,181)
Newsstand				
Revenue	120,698			259,638
Cost of sales		75,895		151,373
Operating expenses			15,312	29,390
Income				180,763
				78,875
				29,491
Duty free shop				
Revenue	137,660			282,792
Cost of sales		82,369		164,758
Operating expenses			25,263	48,321
Income				213,079
				69,713
				30,028
Staterooms				
Revenue	60,620			132,303
Operating expenses			45,785	52,860
Income				79,443
				14,835
TOTAL ON-BOARD SERVICES	\$ 913,532	\$ 326,163	\$ 673,126	\$ 999,289
				\$ (85,757)
				\$ 563,170

## BRITISH COLUMBIA SYSTEMS CORPORATION

*Clarkson Gordon*

Chartered Accountants

1010 Bank of Commerce Building  
1175 Douglas Street  
Post Office Box 1205  
Victoria, Canada V8W 2V3  
(604) 386-3521AUDITORS' REPORT

The Honourable Hugh A. Curtis,  
Minister of Finance,  
Province of British Columbia:

We have examined the balance sheet of the British Columbia Systems Corporation as at March 31, 1981 and the statements of income and retained earnings, and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1981 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Clarkson Gordon*

Victoria, Canada.

May 11, 1981.

Chartered Accountants.

BRITISH COLUMBIA SYSTEMS CORPORATION  
(Incorporated as a Crown Corporation under the System Act R.S.B.C. 1979)

BALANCE SHEET

MARCH 31, 1981

(000's)

ASSETS

	<u>1981</u>	<u>1980</u>
Current:		
Cash	\$ 8,704	\$ 5,309
Accounts receivable	11,192	11,291
Prepaid expenses	<u>309</u>	<u>258</u>
Total current assets	<u>20,205</u>	<u>16,858</u>
Fixed, at cost:		
Computer and ancillary equipment (note 3)	15,815	12,975
Furniture and fixtures	1,440	990
Leasehold improvements	2,650	1,854
Land (note 4)	<u>1,638</u>	<u>          </u>
	21,543	15,819
Less accumulated depreciation and amortization	<u>9,952</u>	<u>8,755</u>
Net fixed assets	<u>11,591</u>	<u>7,064</u>
	<u>\$31,796</u>	<u>\$23,922</u>

Approved by the Directors:

Director, B. SANGSTER

Director, D. A. ALEXANDER

LIABILITIES

	<u>1981</u>	<u>1980</u>
Current:		
Accounts payable and accrued charges	\$ 8,164	\$ 5,996
Accrual for major conversion project (note 11)	5,000	
Net income for the year to be transferred to the Province of British Columbia (note 5)	1,522	237
Current portion of long-term debt	<u>3,631</u>	<u>3,929</u>
Total current liabilities	18,317	10,162
Long-term debt (note 6)	3,479	3,760
Certificates (note 7)	<u>10,000</u>	<u>10,000</u>
	<u>\$31,796</u>	<u>\$23,922</u>

(see accompanying notes)

BRITISH COLUMBIA SYSTEMS CORPORATION  
STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED MARCH 31, 1981  
(000's)

	<u>1981</u>	<u>1980</u>
Revenue:		
Processing	\$23,348	\$18,132
System design and programming	18,896	15,048
Equipment rental	4,708	2,785
Direct expenses recovered from clients	1,349	1,675
Interest and other income	802	377
Major conversions (note 11)	<u>          </u>	<u>2,156</u>
Total revenue	<u>49,103</u>	<u>40,173</u>
Expenses:		
Employee	16,725	13,634
Equipment rental and maintenance	6,675	6,042
Services purchased for clients	10,397	9,709
Administrative and general	5,244	2,834
Depreciation and amortization (note 3)	1,996	6,783
Interest on long-term debt	944	934
Provision for major conversion project (note 11)	<u>5,600</u>	<u>          </u>
Total expenses	<u>47,581</u>	<u>39,936</u>
Net income for the year	1,522	237
Retained earnings, beginning of the year	NIL	NIL
Net income to be transferred to the Province of British Columbia pursuant to Section 8(5) of the System Act (note 5)	<u>1,522</u>	<u>237</u>
Retained earnings, end of the year	<u>NIL</u>	<u>NIL</u>

(see accompanying notes)

BRITISH COLUMBIA SYSTEMS CORPORATION  
STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE YEAR ENDED MARCH 31, 1981  
(000's)

	<u>1981</u>	<u>1980</u>
Source of funds:		
Operations -		
Net income for the year	\$ 1,522	\$ 237
Add: depreciation and amortization not being current outlays of funds	<u>1,996</u>	<u>6,783</u>
Total from operations	3,518	7,020
Proceeds from issue of certificates		5,000
Additions to long-term debt (net of current portion)	3,738	1,030
Proceeds on disposition of equipment	<u>897</u>	<u>448</u>
Total source of funds	<u>8,153</u>	<u>13,498</u>
Application of funds:		
Additions to fixed assets	7,420	4,438
Long-term debt repayments	4,019	3,191
Net income to be transferred to the general revenue of the Province of British Columbia (note 5)	<u>1,522</u>	<u>237</u>
Total application of funds	<u>12,961</u>	<u>7,866</u>
Increase (decrease) in working capital	(4,808)	5,632
Working capital, beginning of the year	<u>6,696</u>	<u>1,064</u>
Working capital, end of the year	<u>\$ 1,888</u>	<u>\$ 6,696</u>

(see accompanying notes)



BRITISH COLUMBIA SYSTEMS CORPORATIONNOTES TO THE FINANCIAL STATEMENTSMARCH 31, 19811. The Corporation

The British Columbia Systems Corporation is incorporated as a Crown Corporation of the Province of British Columbia under the System Act R.S.B.C. 1979.

The purpose of the Corporation is to establish and implement such policies as it considers appropriate for the consolidation and rationalization of data processing services provided for government entities. To achieve this purpose, the Corporation:

- a) provides data processing and related services required for governmental purposes;
- b) recommends and implements data processing standards, practices, policies and technical guidelines to facilitate a progressive improvement of information systems required by government entities; and,
- c) subject to approval of the Lieutenant-Governor in Council, sets rates for the use of data processing products and services provided to its users.

2. Significant accounting policies

As prescribed by Section 9(6) of the System Act, the financial statements of the Corporation are prepared in accordance with generally accepted accounting principles. Significant accounting policies followed in the preparation of these financial statements are:

a) Fixed assets:

The Corporation leases most of its computer equipment. Certain of these leases, however, transfer the benefits and risks incident to ownership to the Corporation. In such cases, as more fully described in notes 3 and 5, the leases have been capitalized.

The costs of fixed assets are depreciated and amortized over their estimated useful life on a straight line basis as follows:

Computer and ancillary equipment	- over periods ranging up to five years.
Furniture and fixtures	- over ten years.
Leasehold improvements	- over terms of leases.

- 2 -

2. Significant accounting policies (continued)

b) Revenue recognition:

Revenue is recognized in the accounts as the services are performed.

c) Expense recognition:

All purchases with the exception of fixed assets and prepaids are expensed in the accounts as incurred.

d) Development costs:

Development costs are expensed in the accounts as incurred.

e) Income taxes:

The Corporation is exempt from Federal and Provincial income taxes.

3. Capitalization of leases

Included in fixed assets is computer and ancillary equipment recorded at a cost of \$12,243,000 (1980 - \$10,477,000) arising from the capitalization of certain leases. The related accumulated amortization amounts to \$7,550,000 (1980 - \$7,325,000).

The estimated useful economic life of various capitalized computer and ancillary equipment has been reviewed, resulting in a reduction in amortization charges of \$438,000 in 1981 (1980 - \$3,900,000 increase).

4. Land

During 1981 the Corporation purchased land in the Municipality of Saanich upon which it plans to build a complex to consolidate its current Victoria facilities.

5. Net income

Pursuant to Section 8(5) of the System Act, the Corporation is required to transfer its net income to the Province of British Columbia annually.

- 3 -

6. Long-term debt

Long-term debt arises from the capitalization of leases. The minimum annual contractual obligations with respect to these leases are as follows:

1982	-	\$4,373,000
1983	-	3,113,000
1984	-	514,000
1985	-	<u>137,000</u>
		8,137,000
Less maintenance costs and imputed annual interest		<u>1,027,000</u>
Capitalized lease obligations		7,110,000
Less current portion		<u>3,631,000</u>
Long-term portion		<u>\$3,479,000</u>

7. Certificates

Pursuant to Section 8(6) of the System Act, the Corporation may be advanced or borrow up to \$25,000,000. In computing that amount, the aggregate net rentals payable by the Corporation under leases for personal property for a term exceeding one year shall be excluded.

The Corporation has been authorized to issue \$10,000,000 in certificates. All of the certificates have been issued to the Minister of Finance, Province of British Columbia, for cash. These certificates are unsecured, bear no interest and are redeemable only at the option of the Corporation.

8. Commitments

The Corporation leases its premises and computer equipment for periods of up to five years.

The minimum annual contractual obligations of non-cancellable leases are as follows (excluding amounts relating to capitalized leases):

1982	-	\$7,919,000
1983	-	\$3,586,000
1984	-	\$2,573,000
1985	-	\$1,572,000
1986	-	\$1,040,000

- 4 -

9. Pension and superannuation plans

Until the Corporation establishes a pension or superannuation plan the Public Service Superannuation Act applies to the Corporation and its officers and employees. The Corporation is obliged to pay into the Public Service Superannuation Fund amounts equal to employees' contributions required under the Public Service Superannuation Act.

10. Remuneration of directors and senior officers

Remuneration of directors and senior officers as defined under the Company Act R.S.B.C. 1979 was \$468,000 (1980 - \$260,000).

11. Major conversion projects

- a) In 1981, the Corporation announced the decision to move to a single computer architecture at the central computer facility. A conversion project is under way which will result in all applications on the central computer facility being processed on a single computer architecture by early 1982. The cost of the conversion, estimated at \$5,600,000, has been fully provided in these financial statements.
- b) In 1980, the Corporation completed two major conversion projects resulting in the transfer of certain clients from two IBM 370/145 computer systems.

12. Comparative figures

The figures for 1980 have been reclassified where appropriate to conform with the method of presentation adopted in 1981.

**CRESTON VALLEY WILDLIFE MANAGEMENT AUTHORITY TRUST FUND**



Province of  
British Columbia

Office of the  
Auditor General  
Province of British Columbia

8 Bastion Square  
Victoria  
British Columbia  
V8V 1X4

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**AUDITOR'S REPORT**

To the Members of the Creston Valley Wildlife Management Authority, and

To the Minister of Environment  
Province of British Columbia

I have examined the balance sheet of the Creston Valley Wildlife Management Authority Trust Fund as at 31 March 1981 and the statement of operations and surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Trust Fund as at 31 March 1981 and the results of its operations for the year then ended in accordance with generally accepted accounting principles, as modified by note 1 to the financial statements, applied on a basis consistent with that of the preceding year.

A handwritten signature in cursive script, reading "Erma Morrison".

Erma Morrison, C.A.  
Auditor General

Victoria, British Columbia  
21 September 1981

## EXHIBIT A

## CRESTON VALLEY WILDLIFE MANAGEMENT AUTHORITY

## TRUST FUND

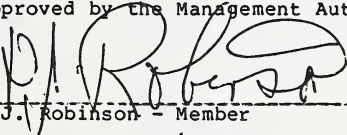
## BALANCE SHEET

AS AT 31 MARCH 1981

	<u>1981</u>	<u>1980</u>
<b>ASSETS</b>		
Cash	\$ 59,443	\$ 46,836
Short-term investments	50,000	40,000
Amounts receivable	<u>2,720</u>	<u>2,884</u>
	112,163	89,720
Fixed assets (note 1)	<u>1</u>	<u>1</u>
	<u>\$112,164</u>	<u>\$ 89,721</u>
<b>LIABILITIES</b>		
Refundable security deposits	\$ 6,594	\$ 4,234
Unearned revenue (note 2)	<u>30,000</u>	<u>30,000</u>
	36,594	34,234
<b>SURPLUS - Exhibit B</b>	<u>75,570</u>	<u>55,487</u>
	<u>\$112,164</u>	<u>\$ 89,721</u>

The three accompanying notes are an integral part of these financial statements.

Approved by the Management Authority

  
 D.J. Robinson - Member

  
 G.H. Staines - Member

## EXHIBIT B

## CRESTON VALLEY WILDLIFE MANAGEMENT AUTHORITY

## TRUST FUND

## STATEMENT OF OPERATIONS AND SURPLUS

FOR THE YEAR ENDED 31 MARCH 1981

	<u>1981</u>	<u>1980</u>
REVENUE		
Grants		
Province of British Columbia	\$ 55,000	\$ 53,075
Government of Canada	<u>55,000</u>	<u>55,000</u>
	<u>110,000</u>	<u>108,075</u>
Operations		
Campground	13,112	12,826
West Meadows	7,680	9,303
Donations	966	283
Permits	3,603	4,591
Interest	13,926	10,591
Sundry	<u>2,184</u>	<u>12,205</u>
	<u>41,471</u>	<u>49,799</u>
	<u>151,471</u>	<u>157,874</u>
EXPENDITURE		
Campground	10,541	8,230
West Meadows	912	228
Public services and information	22,440	24,856
Grazing	2,584	2,238
Habitat management	39,917	36,922
General	51,712	53,948
Land	-	30,000
Office furniture and equipment	166	-
Equipment and machinery	<u>3,116</u>	<u>-</u>
	<u>131,388</u>	<u>156,422</u>
EXCESS OF REVENUE OVER EXPENDITURE FOR THE YEAR	20,083	1,452
SURPLUS - Beginning of year	<u>55,487</u>	<u>54,035</u>
SURPLUS - End of year (Exhibit A)	<u>\$ 75,570</u>	<u>\$ 55,487</u>

## CRESTON VALLEY WILDLIFE MANAGEMENT AUTHORITY

## TRUST FUND

## NOTES TO FINANCIAL STATEMENTS

31 MARCH 1981

1. Significant accounting policy

## Fixed assets

All expenditures on land, buildings, office furniture and equipment, machinery and equipment, and motor vehicles are charged to operations in the year they are incurred. The cumulative expenditures from the Trust Fund for the acquisition of fixed assets is as follows:

	<u>1981</u>	<u>1980</u>
Land	\$ 33,012	\$ 33,012
Buildings	5,953	5,953
Office furniture and equipment	7,753	7,586
Machinery and equipment	31,632	28,516
Motor vehicles	5,325	5,325
	<hr/>	<hr/>
	\$ 83,675	\$ 80,392
	<hr/>	<hr/>

The comparative figure for 1980 has been restated to exclude the values attributed to donated assets which, in prior years, were included in the amounts disclosed.

2. Unearned revenue

Unearned revenue comprises an amount of \$30,000 received from the British Columbia Hydro and Power Authority to secure a transmission line right-of-way. The amount will be recognized as revenue on the issue of the related permit, the terms of which are still under negotiation.

3. Other expenses paid by the Province of British Columbia

In addition to the grants included in the statement of operations and surplus, the Province of British Columbia paid \$75,972 (1980 - \$78,190) for expenses of the Management Authority from appropriated moneys, which do not form part of the Trust Fund.



## DISCOVERY FOUNDATION



Peat, Marwick, Mitchell &amp; Co.

Chartered Accountants

Suite 2100, One Bentall Centre  
505 Burrard Street  
Vancouver, British Columbia V7X 1M1  
(604) 685-8221

ACCOUNTANTS' REPORT

To the Management of Discovery Foundation

We have examined the balance sheet of Discovery Foundation as at March 31, 1981 and the statements of income and expense and surplus and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

Consolidated financial statements, in which the financial statements of the Foundation have been consolidated with those of its subsidiary company, have been reported on by us as auditors of the Foundation for presentation to the trustees at the annual meeting, and consequently, only limited information in regard to the subsidiary is included in these financial statements.

In our opinion, the accompanying financial statements present fairly the financial position of Discovery Foundation as at March 31, 1981 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles for non-profit organizations applied on a basis consistent with that of the preceding year.

Vancouver, British Columbia, Canada  
May 12, 1981

Chartered Accountants

## DISCOVERY FOUNDATION

## Balance Sheet


March 31, 1981

(With comparative figures for 1980)

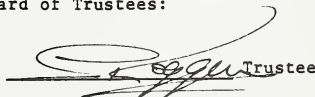
	<u>1981</u>	<u>1980</u> (Restated Note 2)
<u>Assets</u>		
Current assets:		
Cash	\$ 264,429	-
Term deposits (Note 3(c))	9,550,000	12,780,317
Accrued interest receivable	<u>152,406</u>	<u>110,231</u>
Total current assets	9,966,835	12,890,548
Investment in and advances to Discovery Parks Incorporated (Note 2):		
Shares	2	2
Advances	<u>5,208,446</u>	<u>875,162</u>
	<u>5,208,448</u>	<u>875,164</u>
	<u>\$ 15,175,283</u>	<u>13,765,712</u>
<u>Liabilities and Surplus</u>		
Current liabilities:		
Bank overdraft	\$ -	174,577
Accounts payable	<u>1,300</u>	<u>500</u>
Total current liabilities	1,300	175,077
Surplus, per accompanying statement	15,173,983	13,590,635
Contingency and commitments (Note 3).	<u>                    </u>	<u>                    </u>
	<u>\$ 15,175,283</u>	<u>13,765,712</u>

See accompanying notes to financial statements.

Approved by the Board of Trustees:



Trustee



Trustee

## DISCOVERY FOUNDATION

## Statement of Income and Expense and Surplus

Year ended March 31, 1981

(With comparative figures for 1980)

	<u>1981</u>	1980 (Restated Note 2)
Income:		
Term deposit interest	\$ 1,668,967	286,974
Other interest	<u>-</u>	<u>24,101</u>
	1,668,967	311,075
Expense:		
Bank fees	5,470	-
Consulting fees	34,291	11,947
Legal and accounting	7,116	24,937
Management fees - Discovery Parks Incorporated	36,000	18,000
Miscellaneous	2,742	768
Travel and public relations	<u>-</u>	<u>38,799</u>
	85,619	94,451
Excess of income over expense for the year	1,583,348	216,624
Contributed principal funds from the Province of British Columbia	<u>-</u>	<u>13,374,011</u>
	1,583,348	13,590,635
Surplus, beginning of year, as restated (Note 2)	<u>13,590,635</u>	<u>-</u>
Surplus, end of year	\$ <u><u>15,173,983</u></u>	<u><u>13,590,635</u></u>

See accompanying notes to financial statements.

## DISCOVERY FOUNDATION

## Statement of Changes in Financial Position

Year ended March 31, 1981

(With comparative figures for 1980)

	<u>1981</u>	<u>1980</u>
Funds provided by:		
Excess of income over expense for the year	\$ 1,583,348	216,624
Principal funds contributed	-	13,374,011
Increase in accounts payable	800	500
Decrease in term deposits	<u>3,230,317</u>	<u>-</u>
Total funds provided	4,814,465	13,591,135
Funds applied to:		
Increase in term deposits	-	12,780,317
Increase in investment in Discovery Parks		
Incorporated	4,333,284	875,164
Increase in interest receivable	<u>42,175</u>	<u>110,231</u>
Total funds applied	<u>4,375,459</u>	<u>13,765,712</u>
Increase (decrease) in cash for the year	439,006	(174,577)
Cash (bank overdraft) at beginning of year	<u>(174,577)</u>	<u>-</u>
Cash (bank overdraft) at end of year	<u>\$ 264,429</u>	<u>(174,577)</u>

See accompanying notes to financial statements.

## DISCOVERY FOUNDATION

## Notes to Financial Statements

March 31, 1981

## 1. Significant accounting policies:

## (a) Incorporation:

The Foundation was incorporated on September 24, 1979 under the provisions of the Societies Act of the Province of British Columbia.

## (b) Charitable organization:

The Foundation is a registered charitable organization for income tax purposes and therefore no income taxes have been provided in these financial statements.

## (c) Investment in Discovery Parks Incorporated:

Because these financial statements have been prepared for management purposes only, the company's investment in its subsidiary company, Discovery Parks Incorporated, is accounted for in the accompanying financial statements by the equity method.

Consolidated financial statements for the same period have been prepared by the Foundation for distribution to its' trustees.

## 2. Investment in and advances to Discovery Parks Incorporated:

The Foundation holds 100% of the issued and outstanding shares of Discovery Parks Incorporated.

The advances to Discovery Parks Incorporated are unsecured, bear interest at chartered bank prime rate plus 1% per annum, and have no fixed terms of repayment. The interest charges for the year ended March 31, 1981 have been waived by the Trustees of the Foundation.

Condensed financial information of the subsidiary is as follows at March 31:

	1981	1980
<b>Assets:</b>		
Cash	\$ 104,700	53,496
Refundable deposit	88,420	-
Investment in research parks	5,003,701	476,360
Deferred start-up costs	800,533	425,827
Fixed assets, net of accumulated depreciation	54,122	48,632
	<u>\$ 6,051,476</u>	<u>1,004,315</u>
<b>Liabilities:</b>		
Accounts payable	\$ 843,028	129,151
Due to Discovery Foundation	5,208,446	875,162
	6,051,474	1,004,313
<b>Share capital</b>	<u>2</u>	<u>2</u>
	<u>\$ 6,051,476</u>	<u>1,004,315</u>

During the year ended March 31, 1981, the subsidiary changed its accounting policy regarding start-up costs on a retroactive basis. These costs are now deferred and will be amortized at a later date. Accordingly the investment in the subsidiary at March 31, 1980 was increased by \$425,825 which was the amount of such costs that had previously been written off to income to that date.

## DISCOVERY FOUNDATION

## Notes to Financial Statements, continued

March 31, 1981

## 3. Contingency and commitments:

- (a) The Foundation has issued a letter of credit for \$2,039,000 and guaranteed a letter of credit for \$1,733,375 of Discovery Parks Incorporated both to the Corporation of the District of Burnaby.
- (b) Dillingham Corporation Canada Ltd. has a contract to manage the construction of the multi-tenant facilities at the Willingdon site in Burnaby for a fixed fee of \$250,000.
- (c) Total costs on construction projects incurred to date are \$4,245,000 leaving a balance of projected costs to complete of approximately \$13,798,000. The term deposits of \$9,550,000 are committed to the projects.
- (d) The subsidiary leases land for a term of 75 years commencing in 1981 requiring minimum rental payments in the first ten years of \$2,500 per hectare (estimated 1982 rental is \$11,000), and thereafter a rental based on the fair market value for rental of such land.

## 4. Subsequent event:

In April 1981 a cash contribution of \$1,000,000 was received from the Province of British Columbia in respect of the government's March 31, 1981 fiscal year appropriations.

## HEALTH FACILITIES ASSOCIATION OF BRITISH COLUMBIA



Province of  
British Columbia

Office of the  
Auditor General  
Province of British Columbia

8 Bastion Square  
Victoria  
British Columbia  
V8V 1X4

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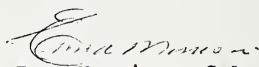
### AUDITOR'S REPORT

To the Chairman and Members of the Board of the  
Health Facilities Association of British Columbia, and

To the Minister of Health  
Province of British Columbia:

I have examined the balance sheet of the Health Facilities Association of British Columbia as at 31 March 1981 and the statements of revenue and expenditure and surplus and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Association as at 31 March 1981 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

  
Erma Morrison, C.A.  
Auditor General

Victoria, British Columbia  
31 July 1981

## EXHIBIT A

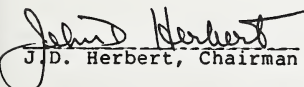
HEALTH FACILITIES ASSOCIATION OF BRITISH COLUMBIA  
(Incorporated under the Societies Act of British Columbia)

## BALANCE SHEET AS AT MARCH 31, 1981

	<u>1981</u>	<u>1980</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and term deposits	\$ 8,376,825	\$13,694,913
Recoverable advances	1,486,876	1,799,674
Due from the Province of British Columbia	578,870	278,870
Advance to the Greater Vancouver Regional Hospital District	1,218,079	750,000
Accrued interest receivable, net	<u>187,757</u>	<u>167,158</u>
	<u>11,848,407</u>	<u>16,690,615</u>
<b>NON-CURRENT ASSETS</b>		
Capital grants (note 1)	25,043,674	7,997,203
Mortgage	4,878,050	5,000,000
Unamortized debenture discount (note 1)	<u>13,137</u>	<u>13,987</u>
	<u>29,934,861</u>	<u>13,011,190</u>
	<u>\$41,783,268</u>	<u>\$29,701,805</u>
<b>LIABILITIES AND SURPLUS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 1,068,179	\$ 489,972
Due to the Greater Vancouver Regional Hospital District	3,072,554	1,405,931
Sinking fund instalments due in one year	897,055	678,535
Restricted funds (note 2)		
Province of British Columbia	-	545,429
Cancer Control Agency - Terry Fox Laboratory	1,000,931	-
Glendale Lodge Society	<u>1,190,691</u>	<u>1,249,910</u>
	7,229,410	4,369,777
	<u>33,650,888</u>	<u>24,676,856</u>
<b>LONG-TERM DEBT (note 3)</b>		
<b>Total liabilities</b>	<b>40,880,298</b>	<b>29,046,633</b>
<b>SURPLUS (EXHIBIT B)</b>	<u>902,970</u>	<u>655,172</u>
	<u>\$41,783,268</u>	<u>\$29,701,805</u>

The four accompanying notes are an integral part  
of these financial statements

APPROVED BY THE BOARD

  
J.D. Herbert, Chairman

  
R. Munro, Secretary



## EXHIBIT B

## HEALTH FACILITIES ASSOCIATION OF BRITISH COLUMBIA

## STATEMENT OF REVENUE AND EXPENDITURE AND SURPLUS

YEAR ENDED MARCH 31, 1981

	<u>1981</u>	<u>1980</u>
REVENUE		
Interest on term deposits	\$1,289,227	\$ 830,863
Contributions from the Province for payment of interest on long-term debt	1,426,825	61,350
Interest on mortgage and advance	582,192	248,598
Other revenue	<u>-</u>	<u>49,769</u>
	<u>3,298,244</u>	<u>1,190,580</u>
EXPENDITURE		
Interest on long-term debt	2,989,280	1,321,162
Provision for uncollectable interest	59,821	-
Amortization of debenture discount	850	850
Miscellaneous expenses	<u>495</u>	<u>-</u>
	<u>3,050,446</u>	<u>1,322,012</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	247,798	(131,432)
SURPLUS AT BEGINNING OF YEAR	655,172	786,604
	<u>-----</u>	<u>-----</u>
SURPLUS AT END OF YEAR	<u>\$ 902,970</u>	<u>\$ 655,172</u>

## EXHIBIT C

## HEALTH FACILITIES ASSOCIATION OF BRITISH COLUMBIA

## STATEMENT OF CHANGES IN FINANCIAL POSITION

YEAR ENDED MARCH 31, 1981

	<u>1981</u>	<u>1980</u>
WORKING CAPITAL DERIVED FROM		
Operations		
Excess of revenue over expenditures	\$ 247,798	\$ -
Plus amortization charges which do not involve working capital	<u>850</u>	<u>-</u>
	<u>248,648</u>	<u>-</u>
Capital grants from the Province	461,420	4,817,520
Issue of sinking fund debentures	10,000,000	15,000,000
Interest earned on sinking fund investments	128,912	88,833
Reduction in mortgage	<u>121,950</u>	<u>-</u>
	<u>10,960,930</u>	<u>19,906,353</u>
WORKING CAPITAL APPLIED TO		
Operations		
Excess of expenditure over revenue	-	131,432
Deduct amortization charges which do not involve working capital	<u>-</u>	<u>850</u>
	-	130,582
Reduction in long-term debt	1,025,968	767,368
Construction grants to hospitals	17,636,803	1,917,293
Equipment grants to hospitals	-	8,105,056
Investment in mortgage	<u>-</u>	<u>5,000,000</u>
	<u>18,662,771</u>	<u>15,920,299</u>
INCREASE (DECREASE) IN WORKING CAPITAL	(7,701,841)	3,986,054
WORKING CAPITAL AT BEGINNING OF YEAR	<u>12,320,838</u>	<u>8,334,784</u>
WORKING CAPITAL AT END OF YEAR	<u>\$ 4,618,997</u>	<u>\$12,320,838</u>

## HEALTH FACILITIES ASSOCIATION OF BRITISH COLUMBIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 1981

## 1. SIGNIFICANT ACCOUNTING POLICIES

## (a) Capital grants

Grants made by the Association, to assist in financing the capital costs of health facilities, are recorded as capital grants net of reimbursements received from the Province and sinking fund earnings.

## (b) Unamortized debenture discount

Debenture discount is amortized on a straight-line basis over the term of the related debt.

## 2. RESTRICTED FUNDS

## (a) Glendale Lodge Society

The Association holds the balance not advanced under a mortgage to the Glendale Lodge Society in a separate interest-bearing investment account. The funds are being released as required to pay for renovations to health care facilities owned by the Society.

## (b) Cancer Control Agency

The Association holds in a separate interest-bearing investment account the sum of \$1,000,931 for the Cancer Control Agency to be used for financing the Terry Fox Laboratory.

## HEALTH FACILITIES ASSOCIATION OF BRITISH COLUMBIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 1981

	<u>1981</u>	<u>1980</u>
<b>3. LONG-TERM DEBT</b>		
Sinking fund debentures issued to the British Columbia Regional Hospital Districts Financing Authority		
Series JD 8.95%, due December 10, 1995	\$ 1,500,000	\$ 1,500,000
Series JF 9.03%, due April 9, 1996	5,000,000	5,000,000
Series JG 9.04%, due May 7, 1996	3,000,000	3,000,000
Series KB 10.00%, due September 13, 1996	2,000,000	2,000,000
Series KO 10.49%, due October 10, 1999	5,000,000	5,000,000
Series KR 12.74%, due March 10, 2000	10,000,000	10,000,000
Series K3 13.13%, due March 10, 2001	<u>10,000,000</u>	<u>-</u>
	<u>36,500,000</u>	<u>26,500,000</u>
Less Sinking fund instalments due within one year	897,055	678,535
Sinking funds - on deposit with trustee	<u>1,952,057</u>	<u>1,144,609</u>
	<u>2,849,112</u>	<u>1,823,144</u>
	<u>\$33,650,888</u>	<u>\$24,676,856</u>

Sinking fund debentures series JF and JG are redeemable in whole or in part before maturity at the option of the Chairman of the British Columbia Regional Hospital Districts Financing Authority upon five months written notice.

Sinking funds are on deposit with the British Columbia Regional Hospital Districts Financing Authority, trustee for the Association.

Payments of \$897,055 are required to meet sinking fund provisions in each of the next five years.

**4. COMMITMENTS**

As at March 31, 1981 the unexpended balance of approved construction projects totalled \$30,266,282 (1980-\$32,851,086).

## HOUSING CORPORATION OF BRITISH COLUMBIA

**Coopers  
& Lybrand**

chartered accountants

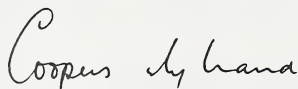
a member firm of  
Coopers & Lybrand (International)

## AUDITORS' REPORT

The Lieutenant-Governor in Council  
Province of British Columbia

We have examined the consolidated balance sheet of Housing Corporation of British Columbia as at October 31, 1980 and the consolidated statements of earnings and retained earnings and source and use of cash for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Corporation as at October 31, 1980 and the results of its operations and the source and use of its cash for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Vancouver, B.C.  
December 31, 1980,  
except for note 8  
which is as of  
July 31, 1981

HOUSING CORPORATION OF BRITISH COLUMBIA  
CONSOLIDATED BALANCE SHEET AS AT OCTOBER 31, 1980

A S S E T S

	1980 (thousand dollars)	1979 (thousand dollars)
LAND HELD FOR RESALE (note 3)	545	615
CASH AND BANK TERM DEPOSITS	4,962	4,160
RECEIVABLES	88	409
RECEIVABLE FROM THE PROVINCE OF BRITISH COLUMBIA (note 3)	7	47
MORTGAGES RECEIVABLE	5,292	8,429
OTHER ASSETS (note 4)	2	2
	<u>10,896</u>	<u>13,662</u>

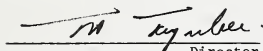
L I A B I L I T I E S


	1980 (thousand dollars)	1979 (thousand dollars)
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	27	187
PAYABLE TO THE PROVINCE OF BRITISH COLUMBIA	54	
DIVIDENDS PAYABLE TO THE PROVINCE OF BRITISH COLUMBIA	3,000	
PAYABLE TO THE PROVINCE OF BRITISH COLUMBIA, HOUSING FUNDS (note 2)		29
DEFERRED REVENUE	<u>126</u>	<u>159</u>
	<u>3,207</u>	<u>375</u>

S H A R E H O L D E R ' S    E Q U I T Y

SHARE CAPITAL (note 6)	1,902	1,902
RETAINED EARNINGS	<u>5,787</u>	<u>11,385</u>
	<u>7,689</u>	<u>13,287</u>
	<u>10,896</u>	<u>13,662</u>

APPROVED BY THE DIRECTORS

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

HOUSING CORPORATION OF BRITISH COLUMBIA  
 CONSOLIDATED STATEMENT OF EARNINGS AND RETAINED EARNINGS  
 FOR THE YEAR ENDED OCTOBER 31, 1980

	1980	1979
	(thousand dollars)	
REVENUE		
Sales		
Housing units		5,901
Developed land	112	3,153
Undeveloped land		7,293
Gain on settlement of Colonial Mortgage	322	
Fees		71
Interest income on term deposits	658	
Interest income on mortgages receivable and other income	<u>745</u>	<u>615</u>
	<u>1,837</u>	<u>17,033</u>
EXPENSES		
Cost of sales		
Housing units		5,133
Developed land	135	2,570
Undeveloped land		7,036
Administration expenses (note 7)	<u>300</u>	<u>499</u>
	<u>435</u>	<u>15,238</u>
NET EARNINGS FOR THE YEAR	1,402	1,795
RETAINED EARNINGS - BEGINNING OF YEAR	<u>11,385</u>	<u>9,590</u>
	12,787	11,385
DIVIDENDS	<u>7,000</u>	<u>      </u>
RETAINED EARNINGS - END OF YEAR	<u><u>5,787</u></u>	<u><u>11,385</u></u>

HOUSING CORPORATION OF BRITISH COLUMBIA  
 CONSOLIDATED STATEMENT OF SOURCE AND USE OF CASH  
 FOR THE YEAR ENDED OCTOBER 31, 1980

	1980	1979
	(thousand dollars)	
SOURCE OF CASH		
From operations	1,402	1,799
Decrease in land held for resale	70	13,291
Decrease in receivables	321	18
Decrease in receivable from Province of British Columbia	40	222
Decrease in mortgages receivable	3,137	
Advances from Province of British Columbia Housing Funds		49
Increase in payable to the Province of British Columbia	54	
Increase in dividends payable to the Province of British Columbia	3,000	
Increase in deferred revenue		17
Decrease in prepaid expenses		42
Proceeds on disposal of fixed assets	<u>          </u>	<u>149</u>
	<u>8,024</u>	<u>15,587</u>
USE OF CASH		
Repayment of advances from Province of British Columbia	29	1,119
Decrease in mortgages payable		1,914
Decrease in accounts payable and accrued liabilities	160	1,909
Increase in mortgages receivable		4,807
Decrease in deferred revenue	33	
Dividends declared	<u>7,000</u>	<u>          </u>
	<u>7,222</u>	<u>9,749</u>
INCREASE IN CASH	802	5,838
BANK TERM DEPOSITS (INDEBTEDNESS) - BEGINNING OF YEAR	<u>4,160</u>	<u>(1,678)</u>
BANK TERM DEPOSITS - END OF YEAR	<u>4,962</u>	<u>4,160</u>



HOUSING CORPORATION OF BRITISH COLUMBIA  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED OCTOBER 31, 1980

1. WINDING-UP OF THE OPERATIONS OF THE CORPORATION

Pursuant to a directive dated September 29, 1978 issued by the Ministry of Municipal Affairs and Housing, Province of British Columbia, the operations of the Corporation are being wound up. A total of \$7 million of dividends has been declared to date, of which \$4 million was paid within the fiscal year and \$3 million in November, 1980.

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of Housing Corporation of British Columbia and the wholly-owned subsidiaries, Dunhill Development Corporation and HCBC Construction Ltd.

Land Held for Resale

These properties are reflected in the accounts at the lower of cost and net realizable value.

Carrying Charges and Overhead Expenses Capitalized

The cost of land includes:

- direct carrying costs (interest and property taxes) which are capitalized from the date of acquisition of the land;
- an appropriate portion of corporate overhead capitalized as acquisition and development costs.

Consideration for Sales

Where collectibility of the outstanding balance of a mortgage is in doubt and the appraised value of the security is less than the carrying value, the carrying value is written down to the appraised value.

Depreciation and Amortization

Depreciation and amortization is recorded on the straight-line method over the estimated useful life of the applicable assets.

Housing Funds Administered

The operation of the Housing Funds administered by the Housing Corporation of British Columbia on behalf of the Ministry has been wound up. Where expenditures on properties are incurred, these costs are submitted directly to the Ministry for reimbursement.

HOUSING CORPORATION OF BRITISH COLUMBIA  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED OCTOBER 31, 1980

3. LAND HELD FOR RESALE

Included in land held for resale is an amount of \$465,000 which in 1979 was treated as a receivable for the Province of British Columbia. During the year it was decided that the Corporation would sell this property. The 1979 comparative figures have been restated to reflect the change, which has no effect upon previously reported earnings.

4. OTHER ASSETS

	1980	1979
	(thousand dollars)	
Fixed assets and leasehold improvements, net of accumulated depreciation and amortization	1	1
Other	<u>1</u>	<u>1</u>
	<u>2</u>	<u>2</u>

5. INCOME TAXES

All of the issued shares of the Corporation are owned by the Province of British Columbia and therefore the Corporation is not subject to federal or provincial income taxes.

6. SHARE CAPITAL

	1980	1979
	(thousand dollars)	
Authorized - 2,000,000 common shares of no par value		
Issued and fully paid - 1,355,084 shares	<u>1,902</u>	<u>1,902</u>

HOUSING CORPORATION OF BRITISH COLUMBIA  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED OCTOBER 31, 1980

## 7. OTHER INFORMATION

	For The Fiscal Year	
	1980	1979
	(thousand dollars)	
(a) Remuneration of directors and senior officers including severance settlements	26	122
(b) Depreciation and amortization in the year	Nil	7
(c) Administration expenses consist of:		
Accounting, management and audit	31	101
Directors' fees	26	37
Legal	75	63
Other	38	95
Professional services		129
Rental		52
Settlement costs	130	
Wind-up costs		22
	300	499

## 8. CONTINGENT LIABILITIES

- (a) The Corporation is contingently liable for certain mortgages assumed by purchasers of housing units sold by the Corporation.
- (b) Legal actions outstanding against the Corporation as at the year-end date were as follows:
- (i) The Corporation was included as a defendant along with the District of North Vancouver and the Province of British Columbia in a legal action with respect to damages to certain building lots sold by the Corporation in the year. The Corporation held first mortgages on these building lots. The outstanding balance of principal and interest at October 31, 1980 amounted to \$133,088. Subsequent to the year-end date, the principal balance together with all accumulated interest was paid in full.

HOUSING CORPORATION OF BRITISH COLUMBIA  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED OCTOBER 31, 1980

8. CONTINGENT LIABILITIES (continued)

(b) (continued)

- (ii) The Corporation was named defendant in a legal action claiming general damages of \$80,000 for alleged building deficiencies.

Subsequent to the year-end date, a Notice of Discontinuance was filed by the plaintiff.

- (iii) The Corporation has been named defendant in a legal action claiming damages of approximately \$200,000 because of the cancellation of a contract. The ultimate outcome and possible loss, if any, to the Corporation is unknown at this time.

In the opinion of management, the Corporation has valid defences to these actions. No provision for loss, if any, is provided in the accounts as an estimate of such loss amount cannot be made at present. Should a loss ultimately be realized, the charge would be recorded in the statement of earnings in the year in which the loss was determined to exist.

- (c) As security for letters of credit of \$131,135 the Corporation has issued a \$6,000,000 floating debenture on all its assets.

## INSURANCE CORPORATION OF BRITISH COLUMBIA

***Insurance (Motor Vehicle) Act Fund***STATEMENT OF OPERATIONS *Year Ended December 31, 1980*

	1980	1979
Revenue		
Vehicle premiums written	\$440,164,000	\$395,345,000
Driver premiums written	15,732,000	13,777,000
	<u>\$455,896,000</u>	<u>\$409,122,000</u>
Vehicle premiums earned	\$404,260,000	\$365,289,000
Driver premiums earned	14,762,000	13,044,000
	<u>419,022,000</u>	<u>378,333,000</u>
Investment income	70,721,000	58,189,000
Total revenue	<u>489,743,000</u>	<u>436,522,000</u>
Claims		
Claims incurred	449,715,000	338,102,000
Claims operations expense	35,820,000	30,039,000
	<u>485,535,000</u>	<u>368,141,000</u>
Expenses		
Administrative	36,153,000	35,890,000
Commissions	34,093,000	26,684,000
	<u>70,246,000</u>	<u>62,574,000</u>
Total claims and expenses	<u>555,781,000</u>	<u>430,715,000</u>
Income (loss) for the year	(66,038,000)	5,807,000
Unappropriated surplus—beginning of the year as restated (Note 3)	10,830,000	5,023,000
Appropriation from Rate Stabilization Reserve (Note 4)	61,600,000	—
Unappropriated surplus—end of the year	<u>\$ 6,392,000</u>	<u>\$ 10,830,000</u>

# ***Insurance Corporation of British Columbia***

## **STATEMENT OF GENERAL OPERATIONS** *Year Ended December 31, 1980*

	1980	1979
Revenue		
Net premiums written	<u>\$22,967,000</u>	<u>\$21,038,000</u>
Net premiums earned	<u>\$21,818,000</u>	<u>\$21,258,000</u>
Net claims incurred and adjustment costs	<u>13,922,000</u>	<u>13,408,000</u>
Expenses		
Administrative	4,940,000	4,703,000
Commissions	<u>4,268,000</u>	<u>4,186,000</u>
	<u>9,208,000</u>	<u>8,889,000</u>
Total claims and expenses	<u>23,130,000</u>	<u>22,297,000</u>
Underwriting income (loss)	(1,312,000)	(1,039,000)
Investment income	<u>3,101,000</u>	<u>2,461,000</u>
Income from General Insurance operations	1,789,000	1,422,000
Income from other operations	<u>76,000</u>	<u>116,000</u>
Income for the year	1,865,000	1,538,000
Unappropriated retained earnings— beginning of year	2,228,000	1,790,000
Appropriation for: (Note 4)		
Catastrophe Reserve	(1,100,000)	—
Rate Stabilization Reserve	<u>(1,200,000)</u>	<u>(1,100,000)</u>
Unappropriated retained earnings— end of year	<u>\$ 1,793,000</u>	<u>\$ 2,228,000</u>

## ***Balance Sheet***

### **ASSETS**


1980

1979

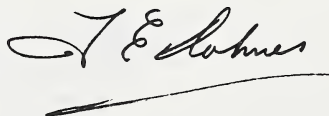
Cash in hands of agents and banks	\$ 4,080,000	\$ 659,000
Investments (Note 5)	584,827,000	525,325,000
Finance Plan receivables	6,744,000	4,683,000
Other receivables	17,691,000	14,942,000
Deferred premium acquisition costs	11,615,000	8,445,000
Property and equipment (Note 6)	41,621,000	37,309,000

*Approved by the Board:*

*Director:*



*Director:*



\$666,578,000

\$591,363,000

**LIABILITIES**

1980

1979

Accounts payable and accrued charges	\$ 27,038,000	\$ 23,887,000
Motor Vehicle Branch	4,343,000	706,000
Premiums in advance	7,700,000	—
Unearned premiums (Note 8)	146,241,000	107,889,000
Unpaid claims (Note 9)	<u>463,671,000</u>	<u>377,123,000</u>
	<u>648,993,000</u>	<u>509,605,000</u>

Due to the Insurance (Motor Vehicle) Act Fund  
representing its:

Rate Stabilization Reserve (Note 4)	—	61,600,000
Unappropriated surplus (Note 3)	<u>6,392,000</u>	<u>10,830,000</u>
	<u>6,392,000</u>	<u>72,430,000</u>
	<u>655,385,000</u>	<u>582,035,000</u>

**RETAINED EARNINGS**

Catastrophe Reserve (Note 4)	4,300,000	3,200,000
Rate Stabilization Reserve (Note 4)	5,100,000	3,900,000
Unappropriated retained earnings	<u>1,793,000</u>	<u>2,228,000</u>
	<u>11,193,000</u>	<u>9,328,000</u>

<u>\$666,578,000</u>	<u>\$591,363,000</u>
----------------------	----------------------



## ***Statement of Changes in Financial Position***

*Year Ended December 31, 1980*

	1980	1979
Resources provided:		
From Insurance (Motor Vehicle)		
Act Fund Operations (Note 10)	\$ —	\$ 8,940,000
From General Operations (Note 10)	1,902,000	1,617,000
Increase in unearned premiums	38,352,000	30,453,000
Increase in unpaid claims	86,548,000	52,049,000
Increase in fees payable to		
Motor Vehicle Branch	3,637,000	—
Sale of property and equipment	1,632,000	653,000
Premiums in advance	7,700,000	—
	<u>139,771,000</u>	<u>93,712,000</u>
Resources applied:		
To Insurance (Motor Vehicle)		
Act Fund Operations (Note 10)	62,582,000	—
Increase in Finance Plan Receivables	2,061,000	3,407,000
Purchase of property and equipment	9,437,000	5,073,000
Decrease in fees payable to		
Motor Vehicle Branch	—	264,000
Net decrease in other assets and		
liabilities	2,768,000	7,610,000
	<u>76,848,000</u>	<u>16,354,000</u>
Increase in resources for year	62,923,000	77,358,000
Cash and investments—beginning of year	525,984,000	448,626,000
Cash and investments—end of year	<u>\$588,907,000</u>	<u>\$525,984,000</u>

## Notes to Financial Statements

### 1. STATUS OF THE CORPORATION

The Insurance Corporation of British Columbia (the Corporation) is a Crown corporation incorporated under the Insurance Corporation Act, R.S.B.C. Chapter 21 (previously the Insurance Corporation of British Columbia Act S.B.C. 1973 (1st session), Chapter 44, assented to April 18, 1973). The Corporation has the power and capacity to act as an insurer and reinsurer in all classes of insurance and to operate and administer the Insurance (Motor Vehicle) Act Fund (previously the Automobile Insurance Act Fund).

The Insurance (Motor Vehicle) Act Fund is by legislation a separate entity for financial reporting purposes. A statement showing the results of the operation of the Fund is included with the financial statements of the Corporation and the balance of the Fund, which represents its accumulated net operating position, is reflected in the balance sheet of the Corporation. The Fund consists of the revenues and expenses attributable to the Insurance (Motor Vehicle) Act Fund operations. All assets and liabilities are held by the Corporation.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Basis of Reporting*

As prescribed by Section 21(4) of the Insurance Corporation Act, the financial statements of the Corporation are presented in accordance with generally accepted accounting principles.

#### *Investments*

Investments are carried as follows:

Short-term deposit receipts, call loans, and notes	— at cost or amortized cost plus accrued interest
Bonds	— at amortized cost plus accrued interest.

#### *Deferred Premium Acquisition Costs*

General Insurance premium taxes, and commissions, including those relating to the subsequent year's Insurance (Motor Vehicle) Act Fund premiums, are charged to expense over the terms of the insurance contracts to which such costs relate.

#### *Depreciation and Amortization*

Depreciation is provided on a straightline basis commencing in the month following that in which assets are placed in service at rates

which will amortize the original cost over the useful life of each asset. Leasehold improvements are amortized over the term of each lease plus the first renewal period where appropriate.

#### *Leases*

Leases are classified as capital or operating leases. A lease that transfers substantially all of the benefits and risks incident to the ownership of property is classified as capital lease. All other leases are accounted for as operating leases wherein rental payments are expensed as incurred. The capitalized lease obligations reflect the present value of future rental payments discounted at the interest rate implicit in the lease, and the corresponding amount is capitalized as the cost of the assets and depreciated over the assets' estimated economic life. (Note 7).

#### *Unearned Premiums*

The liability for unearned premiums is the portion of premiums that relates to the unexpired term of each vehicle policy, General Insurance contract, or driver's premium.

#### *Unpaid Claims*

Unpaid claims includes a provision for reported and unpaid claims, based on the claims settlement experience of the Corporation, current trends and a detailed review of claims files. Also included is an estimate for unreported claims.

### 3. PRIOR PERIOD ADJUSTMENT

During the year, the Corporation entered into a cost sharing agreement with the Motor Vehicle Branch whereby, for services rendered, it will receive \$2 million per annum for the five year period ending December 31, 1982. The unappropriated surplus at December 31, 1979 previously reported as \$6,830,000 has been restated to reflect a retroactive credit of \$4,000,000 representing the contribution received for 1978 and 1979. Of the \$4,000,000, \$2,000,000 is applicable to 1979 and has been credited to income in that year as a reduction in administration costs and the remaining \$2,000,000, applicable to 1978, has been credited to unappropriated surplus at December 31, 1978 previously stated as \$3,023,000.

### 4. RESERVES

#### *Insurance (Motor Vehicle) Act Fund*

The purpose of the Rate Stabilization Reserve was to lessen the potential impact of significant variation in claims loss experience and the equalization of rates under the FAIR Program.

Such events occurred this year with the result that the entire Reserve has been applied against the financial loss for the year.

#### General Operations

The Corporation has appropriated from General Operations retained earnings an additional \$1,200,000 to the Rate Stabilization Reserve. The appropriation increases this reserve to \$5,100,000. A \$1,100,000 appropriation has been made to the Catastrophe Reserve increasing this Reserve to \$4,300,000.

As is the practice in the industry, a Catastrophe Reserve has been established to reflect the

impact of possible losses arising from catastrophic occurrences. Catastrophes such as earthquakes, storms, or conflagrations occur at random and the losses arising could be substantial.

The Rate Stabilization Reserve has been established to lessen the potential impact on General Insurance premiums of significant variations in claims loss experience in future years.

Amounts will be withdrawn from this Reserve in loss years and conversely, amounts will be added to the Reserve in years with a surplus.

### 5. INVESTMENTS

		<u>Dec. 31, 1980</u>	<u>Dec. 31, 1979</u>
Short-term Deposit Receipts, Call Loans and Notes (approximates market value)		\$356,942,000	\$326,369,000
Bonds (est. market value)			
—Dec. 31, 1980	\$178,737,000		
—Dec. 31, 1979	\$166,280,000)	227,885,000	198,956,000
		<u>\$584,827,000</u>	<u>\$525,325,000</u>

### 6. PROPERTY AND EQUIPMENT

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value at December 31, 1980</u>	<u>Net Book Value at December 31, 1979</u>
Land	\$10,048,000	\$ —	\$10,048,000	\$10,181,000
Buildings	31,791,000	7,488,000	24,303,000	21,552,000
Furniture & Equipment	6,920,000	3,225,000	3,695,000	2,913,000
Computer Under Capital Lease	2,837,000	—	2,837,000	1,549,000
Leasehold Improvements	<u>2,292,000</u>	<u>1,554,000</u>	<u>738,000</u>	<u>1,114,000</u>
	<u>\$53,888,000</u>	<u>\$12,267,000</u>	<u>\$41,621,000</u>	<u>\$37,309,000</u>

Depreciation has been charged at the following rates—Buildings 5-10%; Furniture and equipment 10-40%; Computer under capital lease 40%. Leasehold improvements are amortized over the term of the lease plus one renewal period.

Depreciation expense for the year ended December 31, 1980 amounted to \$3,493,000 (1979 \$3,212,000).

### 7. OBLIGATION UNDER CAPITAL LEASE

The following is a schedule of future minimum lease payments under capital lease.

#### Year Ended December 31

1981	\$1,268,000
1982	1,449,000
1983	544,000
Total minimum lease payments	3,261,000
Less: Amounts representing insurance and maintenance	(538,000)
Amounts representing interest	(594,000)
Present value of the minimum lease payments	<u>\$2,129,000</u>

Interest expensed in the year ended December 31, 1980 amounted to \$208,000 (1979 \$300,000).

### 8. UNEARNED PREMIUMS

	<u>Dec. 31, 1980</u>	<u>Dec. 31, 1979</u>
Insurance (Motor Vehicle) Act Fund	\$134,930,000	\$ 97,727,000
General Insurance	11,311,000	10,162,000
Total Unearned Premiums	<u>\$146,241,000</u>	<u>\$107,889,000</u>

## 9. UNPAID CLAIMS

	<i>Dec. 31, 1980</i>	<i>Dec. 31, 1979</i>
Insurance (Motor Vehicle) Act Fund	\$450,235,000	\$366,318,000
General Insurance	13,436,000	10,805,000
Total Unpaid Claims	<u>\$463,671,000</u>	<u>\$377,123,000</u>

## 10. CASH FLOW FROM (TO) OPERATIONS

	<i>Twelve Months Ended</i>	
	<i>Dec. 31, 1980</i>	<i>Dec. 31, 1979</i>
Insurance (Motor Vehicle) Act Fund		
Income (loss) for the year	\$(66,038,000)	\$ 5,807,000
Non-cash item		
Depreciation and amortization	3,456,000	3,133,000
Cash flow from (to) operations	<u>\$(62,582,000)</u>	<u>\$ 8,940,000</u>
General Operations		
Income for the year	\$ 1,865,000	\$ 1,538,000
Non-cash item		
Depreciation and amortization	37,000	79,000
Cash flow from operations	<u>\$ 1,902,000</u>	<u>\$ 1,617,000</u>

## 11. COMMITMENTS

The Corporation is committed to make the following payments during the next five years on property and equipment leased for periods of more than one year:

Fiscal year:	
1981	\$5,480,000
1982	3,638,000
1983	540,000
1984	144,000
1985	77,000

## 12. CAPITAL COMMITMENTS

The Corporation has commenced construction of a new head office building due for completion in 1982. The total cost of the land and building will be approximately \$35 million, of

which \$22 million will be spent in 1981.

## 13. PENSION PLAN

Certain employees participate in a contributory pension plan and are entitled to vested interests prior to retirement.

Employees contribute specified percentage of salaries. The Corporation contributes to the Plan all amounts as actuarially determined, over and above employee contributions, to fund the benefits earned by employees under the Plan.

As of December 31, 1980 the Corporation has fully provided for all past service liabilities of the Pension Plan. Contributions by the Corporation for the year ended December 31, 1980 were \$1,970,000 (1979 \$1,557,000).

## Auditors' Report

The Honourable James Hewitt  
Minister of Agriculture and Food  
Province of British Columbia

We have examined the balance sheet of the Insurance Corporation of British Columbia as at December 31, 1980, the statements of general operations and changes in financial position and the statement of operations of the Insurance (Motor Vehicle) Act Fund for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the

Corporation as at December 31, 1980, and the results of its operations and the changes in its financial position and the results of the operations of the Fund for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Gopas & Lybrand*

CHARTERED ACCOUNTANTS  
Vancouver, British Columbia  
February 10, 1981

## KNOWLEDGE NETWORK OF THE WEST COMMUNICATIONS AUTHORITY



Province of  
British Columbia

Office of the  
Auditor General  
Province of British Columbia

8 Bastion Square  
Victoria  
British Columbia  
V8V 1X4

## AUDITOR'S REPORT

To the Chairman and Members of the Board of the  
Knowledge Network of the West Communications Authority, and

To the Minister of Universities, Science and Communications  
Province of British Columbia:

I have examined the balance sheet of the Knowledge Network of the West Communications Authority as at 31 March 1981 and the statements of revenue and expenditure and changes in financial position for the period from incorporation on 29 May 1980 to 31 March 1981. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Authority as at 31 March 1981 and the results of its operations and the changes in its financial position for the period then ended in accordance with generally accepted accounting principles.

A handwritten signature in cursive script, reading "Erma Morrison".

Erma Morrison, C.A.  
Auditor General

Victoria, British Columbia  
22 May 1981



## EXHIBIT A

KNOWLEDGE NETWORK OF THE WEST COMMUNICATIONS AUTHORITY  
(Incorporated under the Society Act of British Columbia on 29 May 1980)

## BALANCE SHEET AS AT 31 MARCH 1981

## ASSETS

## Current

Cash and term deposits	\$ 802,798
Accounts receivable	23,039
Inventory	<u>9,761</u>
	835,598

## Investment in Subsidiary - Note 2

Shares	\$ 2,965
Advance	<u>1,963,035</u>
	1,966,000

## Fixed Assets - Note 3

<u>250,860</u>
<u><u>\$3,052,458</u></u>

## LIABILITIES AND SURPLUS

## Current Liabilities

Accounts payable and accrued liabilities	\$ 152,632
Deferred revenue	<u>135,250</u>
	287,882

## Surplus

Excess of revenues over operating expenditures for the period - EXHIBIT B	<u>2,764,576</u>
	<u><u>\$3,052,458</u></u>

## APPROVED BY THE BOARD

Nella S. Hardwick  
Director

J.R. Fleming  
Director

## Commitment - Note 5

The five accompanying notes  
are an integral part of these  
financial statements.

## EXHIBIT B

KNOWLEDGE NETWORK OF THE WEST COMMUNICATIONS AUTHORITY  
STATEMENT OF REVENUE AND EXPENDITURE  
FOR THE PERIOD 29 MAY 1980 TO 31 MARCH 1981

## REVENUES

Grants - Province of British Columbia - Note 4	\$3,013,100
Interest earned	<u>175,400</u>
	3,188,500

## EXPENDITURES

Administration	\$ 168,231	
Operations	195,377	
Programming	<u>60,316</u>	<u>423,924</u>
Excess of revenues over operating expenditures for the period - EXHIBIT A		<u><u>\$2,764,576</u></u>

## Represented by:

Working capital		
Unappropriated	\$ 447,716	
Appropriated - Instruction development and design	<u>100,000</u>	\$ 547,716
Investment in subsidiary	1,966,000	
Fixed assets	<u>250,860</u>	<u>2,216,860</u>
		<u><u>\$2,764,576</u></u>

## EXHIBIT C

KNOWLEDGE NETWORK OF THE WEST COMMUNICATIONS AUTHORITY  
STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE PERIOD 29 MAY 1980 TO 31 MARCH 1981

## Funds Derived From:

Excess of revenues over operating expenditure	\$2,764,576
Charges not affecting current funds - Depreciation	<u>41,891</u>
	<u>2,806,467</u>

## Funds Applied To:

Investment in Knowledge-West Communications Corporation	1,966,000
Fixed assets	<u>292,751</u>
	<u>2,258,751</u>

Working capital - end of the period	<u><u>\$ 547,716</u></u>
-------------------------------------	--------------------------



## KNOWLEDGE NETWORK OF THE WEST COMMUNICATIONS AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 1981

## 1. Significant accounting policies

- a) Revenues and expenditures are reflected on an accrual basis.
- b) Expenditures for furniture and equipment, leasehold improvements, earth stations, network equipment, programs owned and license agreements are capitalized and are subject to depreciation on a straight line basis as follows:

Furniture and equipment	10% per annum
Leasehold improvements	20% per annum
Earth stations	20% per annum
Network equipment	20% per annum
Programs owned	20% per annum
License agreements	Life of the re- spective lease

- c) Inventory is valued at lower of cost or net realizable value.

## 2. Investment in Subsidiary

The Authority, jointly with Premier Communications Limited, owns Knowledge-West Communications Corporation, a corporation set up to construct an educational telecommunications network.

Shares - at cost

1,000 Class A voting shares of a par value of \$1 each	\$ 1,000
1,965,000 Class C non voting shares without par value	<u>1,965</u>
	<u>\$ 2,965</u>

Advance - To date the Authority has advanced \$1,963,035 to the Corporation and is to receive a non-interest bearing debenture for the amount of the advance.

## KNOWLEDGE NETWORK OF THE WEST COMMUNICATIONS AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 1981

## 3. Fixed assets

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Furniture and equipment	\$ 23,835	\$ 2,384	\$ 21,451
Leasehold improvements	6,970	1,394	5,576
Earth stations	78,170	15,634	62,536
Network equipment	68,787	13,757	55,030
Programs owned	43,609	8,722	34,887
License agreements	<u>71,380</u>	<u>-</u>	<u>71,380</u>
	<u>\$292,751</u>	<u>\$41,891</u>	<u>\$250,860</u>

## 4. Grants

Some of the grant amounts (\$1,348,350) were transmitted to educational institutions pending incorporation of the Society. Of the total grants included in Revenues \$2,548,350 was for capital purposes and \$464,750 was for operations.

## 5. Commitment

The Authority has an outstanding commitment to Knowledge-West Communications Corporation of \$755,000 for phase B construction of the educational telecommunications network, to be paid in the 1982 fiscal year.

LEGAL SERVICES SOCIETY



Province of  
British Columbia

Office of the  
Auditor General  
Province of British Columbia

8 Bastion Square  
Victoria  
British Columbia  
V8V 1X4

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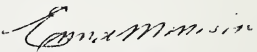
AUDITOR'S REPORT

To the Chairman and Members of the  
Legal Services Society, and

To the Attorney-General,  
Province of British Columbia

I have examined the statement of financial position of the Legal Services Society as at 31 March 1981 and the statements of income and expenditures and surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Society as at 31 March 1981 and the results of its operations for the period then ended in accordance with generally accepted accounting principles, as modified by note 1 to the financial statements, applied on a basis consistent with that of the preceding year.

  
Erma Morrison, C.A.  
Auditor General

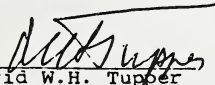
Victoria, British Columbia  
24 July 1981


LEGAL SERVICES SOCIETY  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 1981

	<u>1981</u>	<u>1980</u>
<b><u>ASSETS</u></b>		
Cash and term deposits	\$ 1,142,324	\$ 832,438
Accounts receivable	111,294	74,397
Due from the Province of British Columbia	---	170,470
Grants recoverable (note 2)	15,000	40,000
Prepaid expenses	<u>556</u>	<u>1,791</u>
	<u>\$ 1,269,174</u>	<u>\$ 1,119,096</u>
<b><u>LIABILITIES AND SURPLUS</u></b>		
Accounts payable	\$ 305,935	\$ 128,862
Professional Staff Benefit Plan (note 3)	168,209	111,902
Due to the Province of British Columbia	<u>31,479</u>	<u>---</u>
	505,623	240,764
Surplus	<u>763,551</u>	<u>878,332</u>
	<u>\$ 1,269,174</u>	<u>\$ 1,119,096</u>

The six accompanying notes are an integral part of these financial statements.

Approved by the Board:

  
David W.H. Tupper  
Chairman

  
D.A. Silversides  
Vice-Chairman

LEGAL SERVICES SOCIETY  
STATEMENT OF INCOME AND EXPENDITURES  
FOR THE YEAR ENDED 31 MARCH 1981

	1981	FOR THE PERIOD 1 OCTOBER 1979 TO 31 MARCH 1980
<u>INCOME</u>		
GRANTS		
Province of British Columbia (note 1(a))	\$12,114,348	\$ 5,100,822
Government of Canada	654,671	514,806
Law Foundation	640,000	300,000
	<u>13,409,019</u>	<u>5,915,628</u>
OTHER INCOME		
Interest	181,314	93,766
Legal costs recovered from clients (note 4)	60,546	27,457
Publications	32,329	8,076
	<u>274,189</u>	<u>129,299</u>
	<u>13,683,208</u>	<u>6,044,927</u>
<u>EXPENDITURES</u>		
Administration	767,025	448,890
Branch offices	2,654,514	1,163,812
Client services	279,405	---
Community law offices	1,256,827	664,258
Elizabeth Fry Society	121,935	62,548
Grants recovered (note 2)	(24,685)	(55,775)
Legal information services	469,390	216,250
Library services	112,876	71,784
Native Courtworkers	1,360,210	575,306
Native programs	629,833	284,498
Public legal education	161,987	107,544
Research and development	60,548	35,388
Schools program	82,789	70,665
Tariffs paid by the Province of British Columbia (note 1(a))	5,777,585	3,570,303
Training	87,750	50,710
	<u>13,797,989</u>	<u>7,266,181</u>
Excess (deficiency) of Income over Expenditures	<u>\$ (114,781)</u>	<u>\$ (1,221,254)</u>

LEGAL SERVICES SOCIETY  
STATEMENT OF SURPLUS  
FOR THE YEAR ENDED 31 MARCH 1981

	<u>1981</u>	<u>FOR THE PERIOD 1 OCTOBER 1979 TO 31 MARCH 1980</u>
Surplus, beginning of year	\$ 878,332	\$ ---
Net assets transferred (note 5)	---	2,099,586
Excess (deficiency) of income over expenditures	<u>(114,781)</u>	<u>(1,221,254)</u>
Surplus, end of year	<u>\$ 763,551</u>	<u>\$ 878,332</u>

LEGAL SERVICES SOCIETY  
Notes to the Financial Statements  
31 MARCH 1981

1. Significant Accounting Policies

- (a) Tariffs are amounts billed to the Society for solicitors' fees and costs to provide legal aid to persons in need. The tariff billings are approved by the Society and paid by the Province of British Columbia through the Ministry of the Attorney General. The Society includes these payments in both income and expenditures.
- (b) Property and equipment are recorded as operating expenditures at the time of acquisition.
- (c) Accrued vacation pay is not recorded in the accounts.

2. Grants - Recoverable

Under certain conditions of the contracts between the Society and the community law offices and other agencies, unexpended balances of grants at the fiscal year-end are refundable. As at 31 March 1981 such unexpended balances due to the Society were estimated to be \$15,000.

3. Professional Staff Benefit Plan

Each year an amount based on earnings is set up as payable to lawyers and other professional staff. The amount can be either taken in cash or paid leave of absence.

4. Legal Costs Recovered from Clients

These consist of amounts recovered in respect of legal expenses paid on behalf of clients.

5. Assets Transfer

Assets were transferred from the Legal Services Commission and the Legal Aid Society when they amalgamated to become the Legal Services Society on 1 October 1979.

6. Commitments

As at 31 March 1981 the Society was committed to purchase goods and services totalling \$77,677 which were not received or paid for until the following fiscal period.

**MEDICAL SERVICES COMMISSION OF BRITISH COLUMBIA**

Province of  
British Columbia

Office of the  
Auditor General  
Province of British Columbia

8 Bastion Square  
Victoria  
British Columbia  
V8V 1X4

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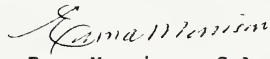
**AUDITOR'S REPORT**

To the Chairman of the  
Medical Services Commission of British Columbia, and

To the Minister of Health  
Province of British Columbia:

I have examined the statement of financial position of the Medical Services Commission of British Columbia as at 31 March 1981 and the statement of operations and working capital deficiency for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at 31 March 1981 and the results of its operations for the year then ended in accordance with generally accepted accounting principles, as modified by Note 1 to the financial statements, applied on a basis consistent with that of the preceding year.

  
Erma Morrison, C.A.  
Auditor General

Victoria, British Columbia  
29 May 1981



## EXHIBIT A

## MEDICAL SERVICES COMMISSION OF BRITISH COLUMBIA

## STATEMENT OF FINANCIAL POSITION

31 MARCH 1981

	<u>1981</u>	<u>1980</u>
<b>ASSETS</b>		
Cash	\$ 5,120,829	\$ 4,197,353
Accounts receivable	1,534,395	1,588,640
Due from the Province of British Columbia	20,000,000	-
	<u>\$26,655,224</u>	<u>\$ 5,785,993</u>
<b>LIABILITIES</b>		
Bank overdraft	\$ 1,419,622	\$ -
Accounts payable	1,566,977	527,503
Premiums received in advance	18,104,034	15,923,522
Estimated liability for unpresented and unprocessed benefit claims	61,500,000	52,500,000
	<u>82,590,633</u>	<u>68,951,025</u>
<b>WORKING CAPITAL DEFICIENCY</b>		
- EXHIBIT B	55,935,409	63,165,032
	<u>\$26,655,224</u>	<u>\$ 5,785,993</u>

The accompanying notes are an integral part of these financial statements.

Approved by the Commission:

  
Dr. D.M. Bolton, Chairman

## EXHIBIT B

MEDICAL SERVICES COMMISSION OF BRITISH COLUMBIA  
STATEMENT OF OPERATIONS AND WORKING CAPITAL DEFICIENCY  
FOR THE YEAR ENDED 31 MARCH 1981

	<u>1981</u>	<u>1980</u>
REVENUE		
Subscribers' premiums (Note 1)	\$ 179,862,707	\$ 155,217,061
Province of British Columbia premium assistance	34,903,114	31,456,261
	<u>214,765,821</u>	<u>186,673,322</u>
EXPENDITURE		
Benefits		
Medical care	484,945,915	407,936,214
Additional benefits	28,567,705	23,534,808
	<u>513,513,620</u>	<u>431,471,022</u>
Administration		
Salaries and employee benefits	11,912,554	10,750,191
Data processing expenses	8,472,953	6,356,216
General office expenses	2,773,558	1,723,919
Occupancy expenses	1,204,077	1,052,762
	<u>24,363,142</u>	<u>19,883,088</u>
	<u>537,876,762</u>	<u>451,354,110</u>
EXCESS OF OPERATING EXPENDITURE OVER REVENUE	<u>323,110,941</u>	<u>264,680,788</u>
CONTRIBUTIONS		
Province of British Columbia	<u>330,340,564</u> (7,229,623)	<u>258,032,994</u> 6,647,794
WORKING CAPITAL DEFICIENCY - beginning of year	<u>63,165,032</u>	<u>56,517,238</u>
WORKING CAPITAL DEFICIENCY - end of year - EXHIBIT A	<u>\$ 55,935,409</u>	<u>\$ 63,165,032</u>

## MEDICAL SERVICES COMMISSION OF BRITISH COLUMBIA

## NOTES TO FINANCIAL STATEMENTS

31 MARCH 1981

Note 1Significant Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles except that:

- (i) Premiums from individual subscribers are included in revenue only when cash is received. Premiums from other sources are recognized as revenue on an accrual basis.
- (ii) The cost of furniture and equipment is charged to administration expenses in the year of acquisition.
- (iii) No accrual for holiday pay is provided for salaried employees.

Note 2

Prior years statements were headed Medical Services Plan of British Columbia Operated By And Under The Medical Services Commission of British Columbia.

## METRO TRANSIT OPERATING COMPANY

*Touche Ross & Co.*

Chartered Accountants

## AUDITORS' REPORT

The Directors,  
Metro Transit Operating Company.

We have examined the balance sheet of Metro Transit Operating Company as at March 31, 1981, and the statement of expenditures and recovery for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Company as at March 31, 1981 for the year then ended in accordance with generally accepted accounting principles.



Chartered Accountants

Vancouver, B.C.,  
June 9, 1981.

*Touche Ross & Co*

## METRO TRANSIT OPERATING COMPANY

(Created under a Special Act of the British Columbia Legislature)

## BALANCE SHEET AS AT MARCH 31, 1981

<u>ASSETS</u>		\$000
Current		
Cash		\$ 268
Accounts receivable		585
Prepaid expenses		1,814
Inventories		3,111
Due from the Urban Transit Authority of British Columbia		<u>10,450</u>
		<u>\$16,228</u>

<u>LIABILITIES</u>		\$000
Current		
Accounts payable and accrued liabilities		<u>\$13,447</u>

<u>EQUITY</u>		
Contributed surplus (Note 4)		<u>2,781</u>
		<u>\$16,228</u>

Approved by the Directors

.... Bill Reid ..... Chairman

..... J. Gault ..... Vice Chairman

See accompanying notes to financial statements.

*Touche Ross & Co.*

## METRO TRANSIT OPERATING COMPANY

STATEMENT OF EXPENDITURES AND RECOVERY  
FOR THE YEAR ENDED MARCH 31, 1981

	<u>Incurred directly</u>	<u>Service contract charge (Note 7)</u>	<u>Total</u>
	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>
Expenditures			
Operations			
Wages, salaries and benefits	\$ 47,392	\$ 16,521	\$ 63,913
Fuel and other petroleum products	2,663	3,419	6,082
Trolley electricity and overhead maintenance	-	2,939	2,939
Materials, services and other	<u>452</u>	<u>1,940</u>	<u>2,392</u>
	<u>50,507</u>	<u>24,819</u>	<u>75,326</u>
Maintenance			
Wages, salaries and benefits	10,505	4,413	14,918
Materials, services and other	<u>1,747</u>	<u>3,245</u>	<u>4,992</u>
	<u>12,252</u>	<u>7,658</u>	<u>19,910</u>
Administration			
Wages, salaries and benefits	3,386	2,502	5,888
Materials, services and other	<u>1,490</u>	<u>1,975</u>	<u>3,465</u>
	<u>4,876</u>	<u>4,477</u>	<u>9,353</u>
Expenditures for the year	<u>\$ 67,635</u>	<u>\$ 36,954</u>	<u>104,589</u>
Recovery from the Urban Transit Authority of British Columbia			
Received			94,139
Receivable			<u>10,450</u>
			<u>104,589</u>
Net expenditures			<u>\$ -</u>

See accompanying notes to financial statements.

*Touche Ross & Co.*

## METRO TRANSIT OPERATING COMPANY

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 1981

---

## 1. Status of the Company

The Metro Transit Operating Company was created by the Province of British Columbia on July 31, 1979 under the Metro Transit Operating Company Act. The Act was brought into force by Proclamation on January 18, 1980.

## 2. Operating mandate

The Company's mandate is to manage, operate and maintain public passenger transportation systems in designated areas within the Province, in accordance with annual operating agreements. Under this mandate, the Company took over the public passenger transportation systems and operations of the British Columbia Hydro and Power Authority (Hydro) in the metropolitan areas of Vancouver and Victoria, on April 1, 1980. Effective the same date, the Company entered into major annual operating agreements governing the provision of transit services in these areas with the Urban Transit Authority of British Columbia (Authority) and the Greater Vancouver Regional District and the Authority and the Capital Regional District, respectively. These initial agreements, which expired on March 31, 1981, have been renewed to March 31, 1982.

Pursuant to the provisions of its annual operating agreements, the Company leases all major fixed assets, such as passenger carrying vehicles, land and buildings and tools and equipment from the Authority for a nominal annual lease fee. In addition, the Company acquired from Hydro certain related assets, such as parts inventory, shop equipment, office furniture and equipment, service cars and trucks and computer software. The inventories of parts have been recorded at their average cost and all other assets have been recorded at a nominal value in the financial statements.

The annual operating agreements also require that all operating revenues collected by the Company are remitted either to the local Regional District or to the Authority and the Company's gross operating expenditures are reimbursed by the Authority.

## 3. Summary of significant accounting policies

## a. Generally accepted accounting policies

The Company's accounts are prepared in accordance with generally accepted accounting principles including the use of the accrual method of accounting for liabilities.

## b. Inventories

All inventories are valued at the lower of cost and replacement cost. Cost is determined using the average cost method.

*Touche Ross & Co.*

Metro Transit Operating Company  
Notes to Financial Statements  
March 31, 1981

Page 2

## 3. Summary of significant accounting policies (Continued)

## c. Property and equipment

As explained in Note 2, the Urban Transit Authority finances and owns all major assets utilized by the Company. Purchases of individual items in excess of the amounts shown below are deemed to be capital expenditures by the Urban Transit Authority and purchases less than these amounts are expensed by the Company in the year of acquisition.

Tools and shop equipment	\$10,000
Furniture and office equipment	\$ 3,000
Passenger facilities	\$ 5,000
Services vehicles	\$ 5,000

Maintenance and repairs are charged to operations in the year incurred.

## d. Pension plans

The Company and its employees are subject to the Public Service Superannuation Act and current and past service costs are accrued and funded on a current basis. In addition, the Company accrues and funds on a current basis the increased costs resulting from pension indexing for retired B.C. Hydro transportation employees.

## 4. Contributed surplus

Contributed surplus arises from the inventories acquired by the Company on April 1, 1980 from B.C. Hydro valued on the average cost method.

## 5. Pension plans

Current year's pension costs amounted to \$3,694,000 and increased pension costs in respect of retired B.C. Hydro employees amounted to \$277,000.

## 6. Directors' and officers' remuneration

During the year directors remuneration amounted to \$20,000 and the five highest paid officers received \$259,000.

## 7. Service contract

During the year the Company operated under a service contract with B.C. Hydro whereby they provided general and special services of a transit nature for an interim period to facilitate the Company's takeover of their transportation operations. The total contract charge has been allocated to the expenditure categories as detailed in the original contract budget.



OCEAN FALLS CORPORATION

**THORNE  
RIDDELL**

Chartered Accountants



AUDITORS' REPORT

The Lieutenant-Governor in Council

Province of British Columbia

We have examined the balance sheet of Ocean Falls Corporation as at December 31, 1980 and the statements of income and deficit and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Corporation as at December 31, 1980 and the results of its operations and the changes in its financial position for the year then ended in accordance with the basis of accounting as described in note 1 applied consistently with the preceding year.

*Thorne Riddell*

Vancouver, Canada  
June 17, 1981

Chartered Accountants

OCEAN FALLS CORPORATION  
(Incorporated by Act of the Legislature of British Columbia)

BALANCE SHEET AS AT DECEMBER 31, 1980

ASSETS	1980	1979
<b>CURRENT ASSETS</b>		
Accounts receivable	\$ 1,770,053	\$ 3,047,558
Inventories (note 4)	747,460	5,412,079
Prepaid expenses	32,920	132,724
Current portion of mortgages receivable	14,756	29,770
	<u>2,565,189</u>	<u>8,622,131</u>
<b>FIXED ASSETS (note 5)</b>	2,000,000	4,060,000
<b>MORTGAGES RECEIVABLE, less current portion</b>	347,383	794,552
<b>LAND AND HOUSES HELD FOR RESALE</b>	<u>798,879</u>	<u>-</u>
	<u>\$ 5,711,451</u>	<u>\$13,476,683</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Bank indebtedness (note 6)	\$33,279,235	\$19,531,286
Accounts payable and accrued liabilities	1,616,962	3,450,881
Accrued liabilities for costs of terminating mill operations	1,866,944	8,895,000
Current portion of mortgages payable	26,793	18,366
	<u>36,789,934</u>	<u>31,895,533</u>
<b>LONG-TERM DEBT (note 7)</b>	<u>13,091,449</u>	<u>13,118,242</u>
<b>Total liabilities</b>	<u>49,881,383</u>	<u>45,013,775</u>
<b>CONTRIBUTED SURPLUS AND DEFICIT</b>		
<b>CONTRIBUTED SURPLUS</b>		
Grant from the Province of British Columbia	789,952	789,952
<b>DEFICIT</b>	<u>44,959,884</u>	<u>32,327,044</u>
	<u>(44,169,932)</u>	<u>(31,537,092)</u>
	<u>\$ 5,711,451</u>	<u>\$13,476,683</u>

Commitment and contingent liabilities (notes 8 and 9)

Approved by the Board

Director

Director

*Ray Whiston*  
*ET Ross*

OCEAN FALLS CORPORATION  
STATEMENT OF INCOME AND DEFICIT  
YEAR ENDED DECEMBER 31, 1980

Expenses	
General and administrative	\$ 1,677,957
Interest on long-term debt	1,266,194
Other interest	<u>3,958,119</u>
Loss before extraordinary item	6,902,270
Extraordinary item (note 2)	
Estimate of cost of terminating mill operations and the write-down of assets to estimated net realizable value	<u>5,730,570</u>
LOSS FOR THE YEAR	12,632,840
Deficit at beginning of year	<u>32,327,044</u>
DEFICIT AT END OF YEAR	<u><u>\$44,959,884</u></u>

OCEAN FALLS CORPORATION  
STATEMENT OF CHANGES IN FINANCIAL POSITION  
YEAR ENDED DECEMBER 31, 1980

	<u>1980</u>	<u>1979</u>
WORKING CAPITAL DERIVED FROM		
Reduction of mortgages receivable	\$ 447,169	\$ 13,635
Resale of land and houses, net of repurchases	-	17,500
	<u>447,169</u>	<u>31,135</u>
WORKING CAPITAL APPLIED TO		
Operations		
Loss before extraordinary item	6,902,270	7,509,818
Deduct depreciation which does not involve working capital	-	1,719,469
Working capital applied to operations	<u>6,902,270</u>	<u>5,790,349</u>
Extraordinary item		
Estimate of the cost of terminating mill operations and the write-down of assets (note 2)	5,730,570	19,355,819
Deduct write-down of fixed assets to net realizable value which does not involve working capital	5,479,739	9,210,819
	<u>250,831</u>	<u>10,145,000</u>
Repurchase of land and houses held for resale	798,879	-
Additions to fixed assets	3,419,739	5,004,791
Reduction of mortgages payable	26,793	18,578
	<u>4,245,411</u>	<u>5,023,369</u>
	<u>11,398,512</u>	<u>20,958,718</u>
DECREASE IN WORKING CAPITAL POSITION	10,951,343	20,927,583
WORKING CAPITAL DEFICIENCY AT BEGINNING OF YEAR	<u>23,273,402</u>	<u>2,345,819</u>
WORKING CAPITAL DEFICIENCY AT END OF YEAR	<u>\$34,224,745</u>	<u>\$23,273,402</u>

OCEAN FALLS CORPORATION  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 1980

1. ACCOUNTING POLICY

On March 6, 1980, the Government of the Province of British Columbia announced its intention to shut down the Corporation's mill operations in June 1980. Accordingly, these financial statements have been prepared on an estimated realizable basis. This basis of presentation reflects assets at estimated realizable values and provides for estimated costs and operating losses on the termination of mill operations.

2. EXTRAORDINARY ITEM

The estimate of the cost of terminating mill operations and the write-down of assets to estimated net realizable value is as follows:

Estimate as at December 31, 1979	\$19,355,819	
Less write-down of assets to estimated net realizable value as at December 31, 1979	<u>10,460,819</u>	\$8,895,000
Less actual costs incurred to December 31, 1980		
Operating losses to date of shut-down (note 3)	\$1,566,230	
Administrative costs	1,364,519	
Employee relocation costs	1,564,246	
Severance pay	2,245,594	
Losses on disposal of fixed assets	<u>6,792</u>	
Total costs incurred to December 31, 1980		6,747,381 <u>2,147,619</u>
Estimate of costs yet to be incurred		1,866,944 <u>280,675</u>
Additional write-down of assets to estimated net realizable value at December 31, 1980		6,011,245 <u>\$5,730,570</u>

The ultimate realization of assets and settlement of liabilities may require adjustments to the financial statements which cannot presently be determined.

- 2 -

## 3. OPERATING LOSSES TO DATE OF SHUT-DOWN

Sales		\$15,289,544
Selling expenses		
Freight	\$ 682,384	
Other	408,691	
		<u>1,091,075</u>
		14,198,469
Cost of sales		
Operating costs	14,931,072	
Townsite operations	785,993	
Water leases	47,634	
		<u>15,764,699</u>
Loss from operations		<u>\$ 1,566,230</u>

## 4. INVENTORIES

	<u>1980</u>	<u>1979</u>
Finished newsprint	-	\$1,157,990
Work in progress	-	466,167
Logs	-	1,815,448
Raw materials	\$247,460	507,912
Supplies	<u>500,000</u>	<u>1,464,562</u>
	<u>\$747,460</u>	<u>\$5,412,079</u>

## 5. FIXED ASSETS

The fixed assets have been written down to their estimated net realizable value which at December 31, 1980 is \$2,000,000.

## 6. BANK INDEBTEDNESS

Bank indebtedness is secured by a general assignment of accounts receivable and inventories.

- 3 -

## 7. LONG-TERM DEBT

	<u>1980</u>	<u>1979</u>
Province of British Columbia		
Interest at chartered bank prime rate compounded quarterly with no fixed terms of repayment	\$ 5,044,453	\$ 5,044,453
Interest at 8-1/4% compounded semi-annually and maturing October 1984	2,000,000	2,000,000
Interest at 9-1/10% compounded semi-annually and maturing September 1, 1985	2,000,000	2,000,000
Interest at 9-1/4% compounded semi-annually and maturing November 1, 1985	<u>2,000,000</u>	<u>2,000,000</u>
	<u>11,044,453</u>	<u>11,044,453</u>
British Columbia Cellulose Company with no interest payable since December 31, 1979 and maturing June 30, 1985	2,000,000	2,000,000
Mortgages payable, less current portion	<u>46,996</u>	<u>73,789</u>
	<u>\$13,091,449</u>	<u>\$13,118,242</u>

The loan from the Province of British Columbia in the amount of \$5,044,453 is secured by a debenture having a first fixed charge on the real property of the corporation and a floating charge on all other assets of the corporation. Other loans from the Province of British Columbia are unsecured.

The loan from British Columbia Cellulose Company is secured by a debenture having a second fixed charge on the real property of the corporation and a floating charge on all other assets of the corporation.

## 8. COMMITMENT

The company has made a commitment to repurchase for approximately \$650,000 the land and houses from the employees at their cost (including improvements) less outstanding mortgages thereon.

## 9. CONTINGENT LIABILITIES

There are a number of claims and possible claims arising from the termination of the Corporation's mill operations. No estimate can presently be made of the Corporation's exposure to liability resulting from these claims and accordingly no provision has been made in the accounts for any claims or possible claims.

## 10. OTHER STATUTORY INFORMATION

Aggregate remuneration of directors and senior officers (as defined in the B.C. Company Act) amounted to \$672,689 including severance pay of \$338,773.

**PACIFIC COACH LINES LIMITED**



Suite 720-880 Douglas Street  
Victoria, B.C. V8W 2B7  
(604) 383-4191

June 8, 1981

**AUDITORS' REPORT**

To the Shareholder of  
Pacific Coach Lines Limited:

We have examined the balance sheet of Pacific Coach Lines Limited as at March 31, 1981 and the statements of operations, retained earnings, changes in financial position and changes in capital replacement fund for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at March 31, 1981 and the results of its operations, the changes in its financial position and the changes in its capital replacement fund for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A handwritten signature in cursive script that reads 'Price Waterhouse &amp; Co.'.

Chartered Accountants



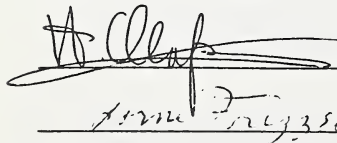
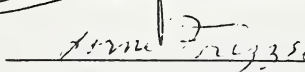
## PACIFIC COACH LINES LIMITED

## BALANCE SHEET

## ASSETS

	1981	March 31 1980 (Note 8)
Current assets:		
Cash	\$ 569,395	\$ 322,090
Term deposit receipts	2,505,580	2,258,177
Sundry deposits	135	84,111
Accounts receivable	209,857	477,367
Subsidy adjustment due from the Province of British Columbia (Notes 4 and 8)	522,166	72,366
Materials and supplies, at the lower of cost and current replacement cost	761,846	722,967
Prepaid expenses and deferred charges	538,791	379,951
	<u>5,107,770</u>	<u>4,317,029</u>
Capital replacement fund (Note 1):		
Term deposit receipts	2,016,475	1,389,828
Accrued interest receivable	35,080	11,462
	<u>2,051,555</u>	<u>1,401,290</u>
Fixed assets (Note 2):		
Property and equipment	7,686,727	6,788,200
Less: Accumulated depreciation	<u>1,543,258</u>	<u>744,249</u>
	6,143,469	6,043,951

APPROVED BY THE BOARD:

 Director  
 Director

<u>\$13,302,794</u>	<u>\$11,762,270</u>
---------------------	---------------------

## PACIFIC COACH LINES LIMITED

## BALANCE SHEET

## LIABILITIES

	1981	March 31 1980 (Note 8)
Current liabilities:		
Accounts payable and accrued liabilities	\$ 4,195,525	\$ 3,394,156
Deferred revenue (Note 3)	<u>266,822</u>	<u>285,673</u>
	4,462,347	3,679,829
Mortgages payable and agreement for sale (Note 5)	523,390	257,721
Other long term debt (Note 6)	<u>-</u>	<u>2,560,800</u>
	<u>4,985,737</u>	<u>6,498,350</u>

## SHAREHOLDER'S EQUITY

Share capital:		
Authorized-		
10,000 common shares of \$1 par value		
Issued-		
2 common shares	2	2
Excess of appraised value of assets over depreciated cost or nominal value, April 1, 1979 (Notes 2 and 7)	3,251,182	3,962,385
Contributed surplus (Note 6)	2,491,366	-
Retained earnings	<u>2,574,507</u>	<u>1,301,533</u>
	8,317,057	5,263,920
Lease commitments (Note 9)		
Contingent liability (Note 11)		

<u>\$13,302,794</u>	<u>\$11,762,270</u>
---------------------	---------------------

## PACIFIC COACH LINES LIMITED

## STATEMENT OF OPERATIONS

	Year ended March 31	
	<u>1981</u>	<u>1980</u>
		(Note 8)
Operating revenue	<u>\$14,953,870</u>	<u>\$12,419,625</u>
Operating expenses (Note 8):		
Operating and maintenance	21,113,438	17,922,892
General and administrative	1,678,746	1,356,854
Depreciation	800,687	739,094
Interest on long-term debt	<u>25,880</u>	<u>32,579</u>
	<u>23,618,751</u>	<u>20,051,419</u>
Loss before undernoted items	8,664,881	7,631,794
Subsidy from the Province of British Columbia (Note 4)	<u>8,664,881</u>	<u>7,631,794</u>
	<u>-</u>	<u>-</u>
Other income:		
Net short term interest	559,936	439,704
Gain on disposal of fixed assets	<u>1,835</u>	<u>75,386</u>
	<u>561,771</u>	<u>515,090</u>
Income for the year	<u>\$ 561,771</u>	<u>\$ 515,090</u>

PACIFIC COACH LINES LIMITED  
STATEMENT OF RETAINED EARNINGS

	Year ended March 31	
	<u>1981</u>	<u>1980</u>
Retained earnings, beginning of year	\$1,301,533	\$ 81,990
Income for the year	561,771	515,090
Transfer from excess of appraised value of assets over depreciated cost or nominal value, April 1, 1979, of amount realized through depreciation provisions or use	<u>711,203</u>	<u>704,453</u>
Retained earnings, end of year	<u><u>\$2,574,507</u></u>	<u><u>\$1,301,533</u></u>

PACIFIC COACH LINES LIMITED  
STATEMENT OF CHANGES IN FINANCIAL POSITION

	<u>Year ended March 31</u>	
	<u>1981</u>	<u>1980</u>
Financial resources were provided by:		
Operations-		
Income for the year	\$ 561,771	\$ 515,090
Charges (credits) not affecting working capital:		
Depreciation	800,687	739,094
Feasibility costs previously capitalized	8,223	-
Gain on disposal of fixed assets	(1,835)	(75,386)
	<u>1,368,846</u>	<u>1,178,798</u>
Proceeds on disposal of fixed assets	10,330	132,791
Inventory received from British Columbia		
Hydro & Power Authority (Note 7)	-	322,928
	<u>1,379,176</u>	<u>1,634,517</u>
Financial resources were used for:		
Capital replacement fund (Note 1)	<u>1,370,953</u>	<u>1,311,589</u>
Increase in working capital	8,223	322,928
Working capital, beginning of year	<u>637,200</u>	<u>314,272</u>
Working capital, end of year	<u>\$ 645,423</u>	<u>\$ 637,200</u>

## PACIFIC COACH LINES LIMITED

## STATEMENT OF CHANGES IN CAPITAL REPLACEMENT FUND

	<u>Year ended March 31</u>	
	<u>1981</u>	<u>1980</u>
Sources of funds (Note 1):		
Portion of subsidy equivalent to depreciation expense for the year	\$ 800,687	\$ 739,094
Net short term interest	559,936	439,704
Proceeds on disposal of fixed assets	<u>10,330</u>	<u>132,791</u>
	<u>1,370,953</u>	<u>1,311,589</u>
Uses of funds (Note 1):		
Acquisition of fixed assets net of related long term debt of \$267,800	649,122	241,517
Payment of other long term debt	69,434	38,815
Principal payments on mortgages	<u>2,132</u>	<u>112,279</u>
	<u>720,688</u>	<u>392,611</u>
Increase in fund	650,265	918,978
Fund balance, beginning of year	<u>1,401,290</u>	<u>482,312</u>
Fund balance, end of year	<u><u>\$2,051,555</u></u>	<u><u>\$1,401,290</u></u>

PACIFIC COACH LINES LIMITED  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 1981

1. Capital replacement fund:

Commencing with the 1980 fiscal year the company established a capital replacement fund representing funds set aside for fixed asset expenditures and the retirement of related long term debt. Additions to the fund are represented by proceeds from the sale of fixed assets and special services assets, a portion of the subsidy from the Province of British Columbia equal to the depreciation expense for the year and net short term interest.

2. Fixed assets:

	March 31	
	<u>1981</u>	<u>1980</u>
Cost or appraised value:		
Land	\$ 847,857	\$ 546,896
Revenue equipment	6,028,218	5,642,895
Buildings	419,551	317,114
Furniture and equipment	359,959	258,295
Service equipment	<u>31,142</u>	<u>23,000</u>
	7,686,727	6,788,200
Less: Accumulated depreciation	<u>1,543,258</u>	<u>744,249</u>
	<u>\$6,143,469</u>	<u>\$6,043,951</u>

Revenue and service equipment acquired from British Columbia Hydro & Power Authority at nominal consideration on April 1, 1979 together with similar equipment owned at that date were appraised by Levett Inter-City Coach Sales Ltd. and are reflected in the accompanying financial statements at their fair market value as at April 1, 1979.

The excess of appraised value of assets over depreciated cost or nominal value is included as a separate account under shareholder's equity (Note 7) and is being transferred to retained earnings on the basis of realization of appreciation through sales and depreciation provisions.

The costs of major replacements, additions and improvements are capitalized in the fixed asset accounts. The costs of maintenance, repairs, minor renewals or replacements are charged against income. On retirement or disposal of fixed assets, the costs thereof and the related accumulated depreciation are eliminated from the accounts and any gains or losses are reflected in the statement of operations.

The fixed assets are depreciated on the straight-line method based on useful lives of 8 to 25 years.

Notes  
Page 2

## 3. Deferred revenue:

	March 31	
	1981	1980
Operating revenues	\$ -	\$ 18,851
Advance for property rental	<u>266,822</u>	<u>266,822</u>
	<u>\$266,822</u>	<u>\$285,673</u>

## 4. Province of British Columbia subsidy:

By agreement with the Minister of Municipal Affairs the subsidy is an amount equal to the net operating costs incurred during the year before net short term interest, gains and losses on fixed asset disposals and extraordinary items. The subsidy includes amounts in respect of unfunded pension liabilities assumed on the acquisition of Pacific Stage Lines as referred to in Note 8.

## 5. Mortgages payable and agreement for sale:

The account consists of the following:

	March 31	
	1981	1980
(a) Mortgages-		
Royal Trust Company-		
11-1/4% interest, payable at \$1,372 per month including interest and principal, up to and including February 1, 1984. Balance of principal and accrued interest due March 1, 1984	\$137,625	\$138,768
Royal Trust Company-		
11-1/4% interest, payable at \$1,176 per month including interest and principal, up to and including February 1, 1984. Balance of principal and accrued interest due March 1, 1984	117,965	118,953
(b) Agreement for sale-		
Cloyne Holdings Ltd.-		
payable December 1, 1981, \$177,000 and December 1, 1982, \$90,800 together with interest at 13% per annum	<u>267,800</u>	<u>-</u>
	<u>\$523,390</u>	<u>\$257,721</u>

The mortgages and agreement for sale are secured by certain of the company's properties.



## 5. Mortgages payable and agreement for sale continued:

The aggregate future payments of principal will be discharged through the capital replacement fund and are as follows:

1982	\$179,598
1983	93,699
1984	<u>250,093</u>
	<u>\$523,390</u>

## 6. Other long term debt and contributed surplus:

The other long term debt of \$2,560,800 as at March 31, 1980 was extinguished during the year as follows:

## By payments:

T. S. Holdings Ltd.	\$ 18,834	
Thompson-Okanagan Transit Ltd.	<u>50,600</u>	\$ 69,434

## By transfer to contributed surplus:

T. S. Holdings Ltd.	1,403,162	
The Province of British Columbia	<u>1,088,204</u>	<u>2,491,366</u>
		<u>\$2,560,800</u>

The contributed surplus arose on the waiving of the liability of the company through a board of directors resolution of T. S. Holdings Ltd. and an Order in Council of the Province of British Columbia.

## 7. Excess of appraised value of assets over depreciated cost or nominal value, April 1, 1979:

	March 31	
	1981	1980
(a) Revenue and service equipment owned by the company at March 31, 1979	\$ 760,910	\$ 760,910
(b) Revenue and service equipment acquired from British Columbia Hydro & Power Authority on April 1, 1979	3,583,000	3,583,000
(c) Parts inventory acquired from British Columbia Hydro & Power Authority on April 1, 1979	<u>322,928</u>	<u>322,928</u>
	4,666,838	4,666,838
Less: Amount realized through depreciation provisions or use and transferred to retained earnings	<u>1,415,656</u>	<u>704,453</u>
Balance, end of year	<u>\$3,251,182</u>	<u>\$3,962,385</u>

Notes  
Page 4

8. Pension plan:

Employees of Pacific Coach Lines Limited are covered under one of two contributory pension plans:

- (a) Plan A, which was approved by the Government of the Province of British Columbia in 1976, includes employees at March 31, 1979, any former British Columbia Hydro & Power Authority employees who wished to transfer to the plan upon joining the company on April 1, 1979, and any new employees. An actuarial report as at December 31, 1978 indicated an unfunded liability for past service benefits of \$2,286,800 which is being funded by equal annual payments of \$198,299 over a period of 23 years which commenced with the year ended March 31, 1980.
- (b) Plan B, which resulted from the acquisition of the operations of Pacific Stage Lines, is a closed plan with membership limited to former British Columbia Hydro & Power Authority employees who joined the company April 1, 1979. An actuarial report has determined that, on the basis of the assets to be transferred from British Columbia Hydro & Power Authority with respect to membership in the plan prior to March 31, 1979, an unfunded liability of \$3,060,300 exists with respect to both non-indexed benefits and post retirement index supplements. This liability is being funded by equal annual payments of \$305,452 over 22 years, being the remaining funding period of Plan A, commencing with the year ended March 31, 1981.

During the year the Board of Directors resolved that the two plans be equalized as much as possible with the intent that they be merged into a single plan having essentially the same provisions as Plan B. As a result provisions for current service has been made in the accounts on the basis of actuarial estimates related to a merged plan. A retroactive adjustment to the March 31, 1980 financial statements of \$207,285 in respect of current service pension costs and a corresponding increase in the Province of British Columbia subsidy for that year have been recorded in the accounts with no resulting change in income for the year.

9. Lease commitments:

The company leases certain terminal facilities and equipment under the terms of various lease agreements. Annual lease payments under agreements presently outstanding are approximately as follows:

1982	\$ 492,965
1983	469,785
1984	456,285
1985	354,145
1986	354,145
	<u>\$2,127,325</u>

## 10. Income taxes:

Since the Province of British Columbia is the shareholder the company is exempt from income taxes.

## 11. Contingent liability:

On September 3, 1977 a coach, the property of Vancouver Island Transportation Company Limited, was involved in a collision with two other vehicles on Vancouver Island, responsibility for which the company denies. As part of the purchase agreement, Pacific Coach Lines Limited agreed to assume all of the existing and potential liabilities of the former operating company. The management of and legal counsel for both companies are of the opinion that any possible loss from claims arising from this matter should not exceed the limits of the third party liability insurance coverage.

## PACIFIC VOCATIONAL INSTITUTE



Province of  
British Columbia

Office of the  
Auditor General  
Province of British Columbia

8 Bastion Square  
Victoria  
British Columbia  
V8V 1X4

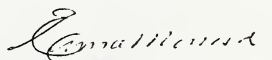
## AUDITOR'S REPORT

To the Chairman and Members of the Board of Governors of the  
Pacific Vocational Institute, and

To the Minister of Education  
Province of British Columbia:

I have examined the balance sheet of the Pacific Vocational Institute as at 31 March 1981 and the statements of revenue and expenditure and changes in fund balances for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Institute as at 31 March 1981 and the results of its operations and the changes in its fund balances for the year then ended in accordance with generally accepted accounting principles, as modified by notes 1(a) and 1(e) to the financial statements, applied on a basis consistent with that of the preceding year.

  
Erma Morrison, C.A.  
Auditor General

Victoria, British Columbia  
17 June 1981

PACIFIC VOCATIONAL INSTITUTE  
BALANCE SHEET  
AS AT MARCH 31, 1981

EXHIBIT A

	1981	1980		1981	1980
<b>OPERATING FUNDS</b>			<b>OPERATING FUNDS</b>		
Cash	\$ 125,633	\$ 482,015	Accounts payable & accrued liabilities	\$ 1,089,227	\$1,949,155
Short term investments	532,043	-	General purposes fund	121,641	(82,798)
Accounts receivable			Special purposes fund	22,812	6,318
- Province of British Columbia	295,909	1,159,259			
- Other	106,829	68,376			
Bookstore inventories (Note 1(d))	119,427	67,623			
Prepaid expenses	44,960	20,000			
Advance to capital fund	-	73,511			
Advance to restricted funds	8,879	1,861			
	<u>\$ 1,233,680</u>	<u>\$1,872,675</u>		<u>\$ 1,233,680</u>	<u>\$1,872,675</u>
<b>RESTRICTED FUNDS</b>			<b>RESTRICTED FUNDS</b>		
Cash	44,784	100,080	Advance from operating funds	8,879	1,861
Accounts receivable	3,530	1,002	Restricted funds	39,443	99,221
	<u>\$ 48,322</u>	<u>\$ 101,082</u>		<u>\$ 48,322</u>	<u>\$ 101,082</u>
<b>CAPITAL FUND</b>			<b>CAPITAL FUND</b>		
Short term investments	934,957	-	Accounts payable	509,480	820,968
Accounts receivable			Interest payable	199,095	-
- Province of British Columbia	639,095	110,414	Bank indebtedness (Note 4)	1,467,685	1,000,000
Buildings and equipment (Note 3)	8,703,917	5,369,540	Long term debt (Note 5)	4,170,717	1,200,000
			Investment in building and equipment	3,065,515	3,169,540
			Advance from operating funds	-	73,511
			Capital fund	865,477	(754,065)
	<u>\$10,277,969</u>	<u>\$5,509,954</u>		<u>\$10,277,969</u>	<u>\$5,509,954</u>

Approved by the Board of Governors

  
T. W. Trinceer  
Chairman of the Board

  
E. N. Veitch  
Executive Director  
Finance and Administration (Bursar)

The six accompanying notes are an integral part of these financial statements.

## EXHIBIT B

PACIFIC VOCATIONAL INSTITUTE  
STATEMENT OF REVENUE AND EXPENDITURE  
FOR THE YEAR ENDED MARCH 31, 1981

## REVENUE

Province of British Columbia Grants  
Tuition fees  
Investment income  
Gifts and donations  
Parking deductions  
Miscellaneous

General Purposes	Specific Purposes	Total	Restricted Funds	Capital Fund	Total of All Funds	1980
\$16,196,604	\$ 8,500	\$16,205,104	\$ -	\$5,234,517	\$21,439,621	\$15,954,716
490,940	-	490,940	-	-	490,940	370,176
162,825	-	162,825	9,708	167,772	340,305	86,140
-	-	-	10,948	-	10,948	8,950
-	-	-	9,113	-	9,113	6,770
272,704	-	272,704	442	-	273,146	104,089
\$17,123,073	\$ 8,500	\$17,131,573	\$30,211	\$5,402,289	\$22,564,073	\$16,530,841

## EXPENDITURE

Vocational  
Administrative and general  
Program services  
Facilities services  
Media services  
Student services  
Parking lot construction  
Student awards  
Aircraft maintenance  
Industry training services  
Equipment  
Capital projects  
Renovations on establishment  
Metrication

11,385,244	-	11,385,244	-	-	11,385,244	9,236,524
1,830,448	-	1,830,448	-	673,317	2,503,765	1,138,398
201,262	-	201,262	-	-	201,262	230,335
2,881,238	-	2,881,238	-	-	2,881,238	2,618,708
302,293	257	302,550	-	74,966	377,516	323,356
543,888	-	543,888	-	-	543,888	468,576
-	-	-	-	-	-	199,725
-	-	-	10,460	-	10,460	4,300
-	-	-	393	-	393	424
-	30,407	30,407	-	-	30,407	11,342
-	-	-	-	704,074	704,074	632,687
-	-	-	-	2,532,420	2,532,420	3,262,108
-	-	-	-	97,883	97,883	738,603
-	-	-	-	-	-	24,500
\$17,144,373	\$30,664	\$17,175,037	\$10,853	\$4,002,660	\$21,268,550	\$19,179,586
(14,417)	-	(14,417)	-	-	(14,417)	20,838

## Ancillary enterprises

Write-off of accounts receivable -  
commitments incurred prior to April 1, 1978

\$17,129,956	\$30,664	\$17,160,620	\$10,853	\$4,082,660	\$21,254,133	\$19,323,019
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Excess (deficiency) of revenue over  
expenditure

\$ (6,883)	\$ (22,164)	\$ (29,047)	\$19,358	\$1,319,629	\$ 1,309,940	\$ (2,792,178)
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PACIFIC VOCATIONAL INSTITUTE  
STATEMENT OF CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED MARCH 31, 1981

EXHIBIT C

	Operating Funds		Restricted Funds (Schedule 3)	Capital Funds	Total of All Funds	1980
	General Purposes	Specific Purposes	Total			
Balance, beginning of year	\$ (82,798)	\$ 6,318	\$ (76,480)	\$ (754,065)	\$ (731,324)	\$ 869,412
Transfer of Bookstore Trust to Operating Funds	43,550	-	43,550	-	-	-
Transfer of Small Business & Entrepreneurial Development Fund to Operating Fund	-	38,658	38,658	-	-	-
Transfer of investment income from Capital Fund to Operating Funds	167,772	-	167,772	(167,772)	-	-
Excess (deficiency) of revenue over expenditure (Exhibit B)	(6,883)	(22,164)	(29,047)	1,319,629	1,309,940	(2,792,178)
Proceeds from increase in bank indebtedness	-	-	-	467,685	467,685	1,000,000
Assumption of 1979 capital renovations costs by British Columbia Buildings Corporation	-	-	-	-	-	191,442
Inclusion of Donation Fund in the Restricted Funds	-	-	-	-	3,072	-
Balance, end of year	\$ 121,641	\$ 22,812	\$ 144,453	\$ 865,477	\$ 1,049,373	\$ (731,324)

PACIFIC VOCATIONAL INSTITUTE  
NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1981

1. SIGNIFICANT ACCOUNTING POLICIES

a). General

These financial statements have been prepared in accordance with generally accepted accounting principles except for the following:

- No accrual is provided for vacation pay for salaried employees.
- No provision is made in the financial statements for depreciation of buildings and equipment.

b). Fund Accounting

Transactions of the Institute are accounted for by fund accounting procedures in order to recognize various restrictions imposed on the use of available resources. Under these procedures, revenue and their related expenditures are accounted for in separate funds in accordance with objectives specified by donors, limitations and restrictions imposed by sources outside the Institute, and determinations made by the Board of Governors. The major fund divisions are described below:

- General Purposes Operating Funds consist of those revenues and expenditures used in the general operations of the Institute.
- Specific Purposes Operating Funds consist of those revenues and expenditures used for projects stipulated by the donors and grantors and include investment income on funds held for specific purposes.
- Restricted Funds represent revenues and expenditures which are restricted in nature plus trust fund monies transferred from the Ministry of Education on establishment of the Institute. They include the Student Scholarship Fund, Parking Trust Fund, Aircraft Maintenance and the Emergency Loan Fund.
- Capital Fund consists of gifts and grants received for the purpose of acquiring capital assets as described in Note 1(c). This fund may also be used for major renovations and alterations and capital project administration costs.



1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

c). Buildings and Equipment

Expenditures for the construction of buildings and purchase of equipment are recorded in the statement of revenue and expenditure of the capital fund in the year in which they are incurred and are included as capital assets, at cost, on the balance sheet.

d). Bookstore Inventories

Bookstore inventories, held for resale, are stated at the lower of cost or net realizable value.

e). Library Books

Library books and periodicals are charged to expense in the year of acquisition.

f). Ancillary Enterprises

Ancillary enterprises include the bookstore and student housing services and are expected to operate on a break-even basis. These departments are assessed only direct costs associated with their operations.

g). Restricted Funds

Board resolutions were passed to transfer the balances in the Bookstore Trust Fund and the Small Business and Entrepreneurial Development Fund from the Restricted Funds to the Operating Fund. These grants were for initial start-up of these programs and expenditures have been incurred from the Operating Fund to this end.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

h). Emergency Loan Fund

An emergency loan fund has been brought into the books of Pacific Vocational Institute. This fund is used to grant students temporary small loans and is under the auspices of Student Services.

2. COMMITMENTS

Commitments under capital contracts at March 31, 1981 amounted to \$1,315,823, to be financed from the Capital Fund (1980 - \$1,437,112). All commitments pertain to projects authorized by the B.C. Educational Institutions Capital Financing Authority.

3. BUILDINGS AND EQUIPMENT

	Capital Projects	Renovations & Public Works	Equipment	Total	
				1981	1980
Balance, beginning of year	\$3,262,108	\$738,603	\$1,368,829	\$5,369,540	\$ 736,142
Additions during the year	2,532,420	97,883	704,074	3,334,377	4,633,398
Balance, end of year	<u>\$5,794,528</u>	<u>\$836,486</u>	<u>\$2,072,903</u>	<u>\$8,703,917</u>	<u>\$5,369,540</u>

The construction of the Electrical Training Centre was completed October 20, 1980 by the Institute at a cost of \$4,602,611. All other campus land and buildings, occupied by the Institute, are the property of the British Columbia Buildings Corporation. Land and buildings are provided free of charge. Equipment assumed by the Institute at its establishment is recorded at a nominal value of \$1.00.

Pacific Vocational Institute  
Notes to Financial Statements  
March 31, 1981  
Page Four

#### 4. BANK INDEBTEDNESS

Bank indebtedness consists of demand loans - interest payable at the prime lending rate - under the provisions of the B.C. Educational Institutions Capital Financing Authority Act. The purpose of the loans is to provide interim and short term financing for construction and major renovations.

#### 5. LONG TERM DEBT

The long term debt at March 31, 1981, is payable to the B.C. Educational Institutions Capital Financing Authority. Terms are as follows:

Maturity	Rate	Principal	Sinking Fund Payment	Balance March 31, 1981	Annual Payment
November 9, 1999	10.68%	\$1,200,000	\$29,283	\$1,170,717	\$157,509
June 10, 2000	12.01%	1,000,000	-	1,000,000	144,490
October 10, 2000	12.50%	2,000,000	-	2,000,000	298,825
				<u>\$4,170,717</u>	

These loans are to be refinanced through debentures issued to the B.C. Educational Institutions Capital Financing Authority. The payment of interest and sinking fund instalments shall be paid to the British Columbia Educational Institutions Capital Financing Authority from grants received from the Province of British Columbia. These loans can be recalled by the Chairman of the British Columbia Educational Institutions Capital Financing Authority by giving not less than five months' notice in writing.

6. A contingent liability exists for banked sick pay accumulated under previous contractual obligations. At March 31, 1981, the estimated liability amounted to \$804,000. The liability represents 50% of accumulated time at current salary rates and may be taken on retirement in the form of cash or leave.

## SCHEDULE 1

PACIFIC VOCATIONAL INSTITUTE  
 SCHEDULE OF PROVINCE OF BRITISH COLUMBIA GRANTS  
 FOR THE YEAR ENDED MARCH 31, 1981

	Operating Funds			Restricted Funds	Capital Fund	Total of all Funds	1980
	General Purposes	Specific Purposes	Total				
Operating grants	\$16,196,604	\$ -	\$16,196,604	\$ -	\$1,181,200	\$17,377,804	\$ 14,366,467
Special Capital Project Grant	-	-	-	-	-	-	83,500
Capital Financing Authority	-	-	-	-	3,000,000	3,000,000	1,200,000
Inter-library loan grant	-	-	-	-	-	-	1,000
Industry Training Services	-	-	-	-	-	-	50,000
Recovery of 1979 deficit	-	-	-	-	-	-	113,695
Debtenture and interest grant	-	-	-	-	673,317	673,317	110,054
Metrickation project	-	-	-	-	-	-	30,000
Special Grant - Electrical	-	-	-	-	380,000	380,000	-
Training Centre Equipment	-	8,500	8,500	-	-	8,500	-
Grant re five year educational plan	-	-	-	-	-	-	-
Total	\$16,196,604	\$ 8,500	\$16,205,104	\$ -	\$5,234,517	\$21,439,621	\$ 15,954,716

## SCHEDULE 2

PACIFIC VOCATIONAL INSTITUTE  
SCHEDULE OF OPERATING FUNDS - GENERAL PURPOSES EXPENDITURE  
FOR THE YEAR ENDED MARCH 31, 1981

	Vocational	Admin. & General	Program Services	Media Services	Student Services	Facilities Services	Total	1980
Salaries, wages & employee benefits	\$ 9,242,361	\$1,163,183	\$197,373	\$244,736	\$469,789	\$ 481,906	\$11,799,348	\$ 8,938,945
Travel	41,787	31,807	1,694	2,637	14,722	3,854	96,501	76,553
Expendable supplies	1,612,538	59,924	565	25,212	10,527	34,491	1,743,257	1,647,089
Laundry and clothing	47,928	-	-	-	-	-	47,928	37,489
Books and periodicals	35,462	2,666	161	24,068	993	113	63,463	151,873
Data processing costs	-	70,608	-	-	-	-	70,608	53,911
Rental - buildings & equipment	162,529	5,620	-	3,023	80	119,058	290,310	299,338
Equipment maintenance and repairs	118,460	2,045	-	2,230	664	56,703	180,102	226,253
Building & grounds maintenance	-	-	-	-	-	1,863,909	1,863,909	1,908,104
Professional fees	2,175	221,033	-	-	-	83,187	306,395	248,460
Contract services	41,271	27,985	-	-	-	-	69,256	140,558
Vehicle operation & insurance	8,689	32,504	-	-	3,411	-	44,604	26,607
Professional development & association fees	9,879	18,776	1,390	307	478	402	31,312	25,959
Advertising, publicity, recruiting	37,739	44,762	-	-	5,202	-	87,703	67,788
Insurance	-	-	-	-	-	71,981	71,981	47,108
Utilities	-	105,660	-	-	-	165,634	271,294	242,954
Student Activities	-	-	-	-	37,748	-	37,748	39,224
Miscellaneous	24,426	43,875	79	-	274	-	68,654	17,448
Total	\$11,385,244	\$1,830,448	\$201,262	\$302,293	\$543,888	\$2,881,238	\$17,144,373	\$14,195,661

## SCHEDULE 3

PACIFIC VOCATIONAL INSTITUTE  
SCHEDULE OF RESTRICTED FUNDS ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 1981

	Bookstore Trust Fund	Parking Trust Fund	Student Scholarship Fund	Aircraft Maintenance Fund	Small Business & Entrepreneurial Development Fund	Emergency Loan Fund	Total of all Funds	1980
<b>REVENUE</b>								
Grant - Province of British Columbia	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000
Investment income	6,025	2,369	957	357	-	-	9,708	9,959
Parking fees	-	9,113	-	-	-	-	9,113	6,770
Sales	-	-	-	442	-	-	442	1,211
Gifts and donations	-	-	10,024	-	-	924	10,948	7,450
	6,025	11,482	10,981	799	-	924	30,211	75,390
<b>EXPENDITURE</b>								
Parking lot construction	-	-	-	-	-	-	-	199,725
Student awards	-	-	10,460	-	-	-	10,460	4,300
Aircraft maintenance	-	-	-	393	-	-	393	424
Small business & entrepreneurial development	-	-	-	-	-	-	-	11,342
	-	-	10,460	393	-	-	10,853	215,791
Excess (deficiency) of revenue over expenditure	6,025	11,482	521	406	-	924	19,358	(140,401)
Fund balances - beginning of year	37,525	14,705	6,235	2,098	38,658	-	99,221	205,465
Transfer of Bookstore Trust to Restricted Funds	-	-	-	-	-	-	-	34,157
Transfer of Bookstore Trust to Operating Fund	(43,550)	-	-	-	-	-	(43,550)	-
Transfer of Small Business & Entrepreneurial Development Fund to Specific Purposes Fund	-	-	-	-	(38,658)	-	(38,658)	-
Inclusion of Emergency Loan Fund	-	-	-	-	-	3,072	3,072	-
Fund balances - end of year	\$ -	\$ 26,187	\$ 6,756	\$ 2,504	\$ -	\$ 3,996	\$ 39,443	\$ 99,221

PACIFIC VOCATIONAL INSTITUTE SCHEDULE OF ANCILLARY ENTERPRISE OPERATIONS FOR THE YEAR ENDED MARCH 31, 1981					SCHEDULE 4
	Bookstore		Student Housing		Total
	1981	1980	1981	1980	1981 1980
REVENUE					
Sales	\$216,514	\$ 75,868	\$ -	\$ -	\$216,514 \$ 75,868
Rentals	-	-	21,981	14,365	21,981 14,365
	\$216,514	\$ 75,868	\$ 21,981	\$14,365	\$238,495 \$ 90,233
EXPENDITURE					
Cost of Sales	\$162,207	\$ 75,471	\$ -	\$ -	\$162,207 \$ 75,471
Salaries and benefits	19,436	13,108	32,617	16,323	52,053 29,431
Other operating costs	340	38	9,478	6,131	9,818 6,169
	\$181,983	\$ 88,617	\$42,095	\$22,454	\$224,078 \$111,071
Excess (deficiency) of revenue over expenditure	\$ 34,531	\$ (12,749)	\$ (20,114)	\$ (8,089)	\$ 14,417 \$ (20,838)

## PROVINCIAL CAPITAL COMMISSION



Province of  
British Columbia

Office of the  
Auditor General  
Province of British Columbia

6 Bastion Square  
Victoria  
British Columbia  
V8V 1X4

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AUDITOR'S REPORT

To the Chairman and Members of the  
Provincial Capital Commission, and

To the Minister of Finance  
Province of British Columbia:

I have examined the balance sheet of the Provincial Capital Commission as at 31 March 1981 and the statement of revenue, expenditure and operating surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at 31 March 1981 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A handwritten signature in cursive script, reading "Erma Morrison".

Erma Morrison, C.A.  
Auditor General

Victoria, British Columbia  
18 November 1981



## PROVINCIAL CAPITAL COMMISSION

## BALANCE SHEET

AS AT 31 MARCH 1981

	<u>1981</u>	<u>1980</u>
<b>ASSETS</b>		
Cash	\$ 60,213	\$ 1,028,565
Term deposits	1,117,296	2,032,330
Accounts receivable	40,323	232,492
Due from the Province of British Columbia	652,189	-
Inventory, at cost	3,720	-
Prepaid expenses	42,745	300
Donated property (note 1)	<u>1</u>	<u>1</u>
	<u>\$ 1,916,487</u>	<u>\$ 3,293,688</u>

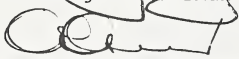
## LIABILITIES AND SURPLUS

Accounts payable	\$ 134,154	\$ 127,589
Contractors' holdbacks	432	5,923
Deferred rental income	3,400	32,330
Contributed surplus (note 1)	<u>1</u>	<u>1</u>
	<u>137,987</u>	<u>165,843</u>
Operating Surplus		
Appropriated (schedule A)	610,097	2,376,300
Unappropriated	<u>1,168,403</u>	<u>751,545</u>
	<u>1,778,500</u>	<u>3,127,845</u>
	<u>\$ 1,916,487</u>	<u>\$ 3,293,688</u>

The four accompanying notes are an integral part of these financial statements.

Approved by the Commission:

  
M.D.W. Young - Chairman

  
G.L. Giles - Chief Executive Officer

## PROVINCIAL CAPITAL COMMISSION

## STATEMENT OF REVENUE, EXPENDITURE AND OPERATING SURPLUS

FOR THE YEAR ENDED 31 MARCH 1981

REVENUE	1981	1980
Admissions	\$ 346,212	\$ -
Ballroom, lounge rental and bar sales	58,318	-
Grants from the Province of British Columbia (note 3)		
Capital	1,019,920	2,585,256
Operating	352,433	226,337
Interest and other income	229,961	202,718
Tenant rentals	557,105	311,837
	<u>2,563,949</u>	<u>3,326,148</u>
EXPENDITURE		
Project Disbursements		
Esquimalt - West Bay Development	5,996	114,645
Oak Bay - Bowker Creek	-	55,000
Saanich - Colquitz Creek	44,556	-
Victoria - Landscaping	-	22,982
- Inner Harbour	-	82,755
- Crystal Garden	170,053	2,168,150
- Victoria Conference and Trade Centre Site	477,772	69,504
- Visitor Information Centre	-	27,578
- South Shore	2,144	-
	<u>700,521</u>	<u>2,540,614</u>
Operating expenses (schedule B and note 3)	1,149,132	332,452
Repayment of grant (note 3)	<u>2,063,641</u>	<u>-</u>
	<u>3,913,294</u>	<u>2,873,066</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	(1,349,345)	453,082
OPERATING SURPLUS AT BEGINNING OF YEAR	<u>3,127,845</u>	<u>2,674,763</u>
OPERATING SURPLUS AT END OF YEAR	<u>\$ 1,778,500</u>	<u>\$ 3,127,845</u>

## PROVINCIAL CAPITAL COMMISSION

## NOTES TO FINANCIAL STATEMENTS

31 MARCH 1981

## 1. SIGNIFICANT ACCOUNTING POLICIES

## a) Donated property

Donated property recorded at nominal value of one dollar represents properties transferred to the Commission from the Province of British Columbia as free Crown grants.

## b) Prepaid expenses

Expenditures associated with the negotiation of the Crystal Garden leases are amortized over five years. Expenditures associated with the initial advertising for the Crystal Garden are amortized over three years.

## c) Project disbursements

Project disbursements shown in these financial statements are of a capital nature.

## 2. CRYSTAL GARDEN

The commercial operations of the Crystal Garden commenced on 1 April 1980. Revenue and expenditure of the Crystal Garden are recorded in the accounts of the Commission and are reflected in the Commission's financial statements.

## 3. GRANTS FROM THE PROVINCE OF BRITISH COLUMBIA

Administration expenses of the Commission amounting to \$352,433 in 1981 (\$226,337 in 1980) were paid directly by the Ministry of Finance from a Vote. These expenses are shown both as revenue and expenditure in the financial statements.

Included in the 1980 capital grants from the Province of British Columbia was \$2,000,000 which was advanced in anticipation of the start of work on the proposed Victoria Conference and Trade Centre. Since the project was temporarily held in abeyance, these funds plus interest were returned to the Province in August 1980.

## 4. COMPARATIVE FIGURES

Certain of the 1980 figures on these financial statements have been restated to conform to the 1981 financial statement presentation. These restatements have no effect on operating surplus.

## SCHEDULE A

PROVINCIAL CAPITAL COMMISSION  
SCHEDULE OF PROJECT APPROPRIATIONS  
AS AT 31 MARCH 1981

<u>Project No.</u>	<u>Project Description</u>	<u>Total Authorized</u>	<u>Total Expenditures</u>	<u>Unexpended Balance Appropriated</u>
<u>Beautification Projects</u>				
50	West Bay Development	\$ 480,080	\$ 479,179	\$ 901
64	Inner Harbour Land-scaping-Furniture	50,000	42,447	7,553
65	Inner Harbour Land-scaping-Trees	30,000	24,609	5,391
70	Bowker Creek	305,000	55,000	250,000
71	Victoria Inner Harbour	113,000	93,500	19,500
74	Visitors Information Centre	45,000	28,542	16,458
79	Colquitz Creek	278,850	44,556	234,294
80	Chinatown Development	48,000	-	48,000
<u>Other Project</u>				
83	City of Victoria	28,000	-	28,000
		<u>\$ 1,377,930</u>	<u>\$ 767,833</u>	<u>\$ 610,097</u>

## SCHEDULE B

PROVINCIAL CAPITAL COMMISSION  
 SCHEDULE OF OPERATING EXPENSES  
 FOR THE YEAR ENDED 31 MARCH 1981

	<u>1981</u>	<u>1980</u>
Accounting	\$ 16,059	\$ -
Administrative salaries and benefits	415,590	204,399
Advertising and promotion	109,135	3,743
Amortization of prepaid expenses	19,028	-
Aviary	96,781	-
Commissions	23,526	26,102
Horticultural	82,062	-
Hospitality and cost of bar sales	26,261	-
Insurance	7,117	-
Janitorial	45,264	-
Miscellaneous	3,822	8,267
Office	16,662	6,008
Professional services	18,824	4,052
Property taxes	73,701	50,539
Rent	3,210	-
Repairs and maintenance	47,786	15,460
Security	26,069	-
Telephone	2,944	-
Travel	3,224	547
Utilities	<u>75,764</u>	<u>13,335</u>
	1,112,829	332,452
Extraordinary item:		
Water damages	<u>36,303</u>	<u>-</u>
TOTAL OPERATING EXPENSES	<u>\$ 1,149,132</u>	<u>\$ 332,452</u>

## PROVINCIAL RENTAL HOUSING CORPORATION



Province of  
British Columbia

Office of the  
Auditor General  
Province of British Columbia

8 Bastion Square  
Victoria  
British Columbia  
V8V 1X4

## AUDITOR'S REPORT

To the Shareholder of the Provincial Rental Housing Corporation, and

To the Minister of Lands, Parks and Housing  
Province of British Columbia:

I have examined the statement of financial position of the Provincial Rental Housing Corporation as at 31 December 1980 and the statements of accumulated return of investment and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at 31 December 1980 and the accumulated return of its investment and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles, as modified by note 1 to the financial statements, applied on a basis consistent with that of the preceding year.

A handwritten signature in cursive script, reading "Erma Morrison".

Erma Morrison, C.A.  
Auditor General

Victoria, B.C.  
18 April 1981

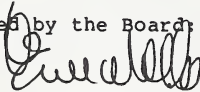
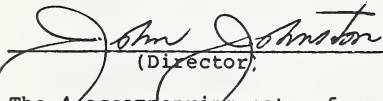
## EXHIBIT A

## PROVINCIAL RENTAL HOUSING CORPORATION

## STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 1980

## ASSETS

	<u>1980</u>	<u>1979</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 1,276,240	\$ 14,888
Short-term deposits	-	378,584
Amortization revenue receivable	8,443,578	8,419,236
Prepaid expenses and sundry accounts	<u>28,983</u>	<u>35,545</u>
	<u>9,748,801</u>	<u>8,848,253</u>
<b>INVESTMENT IN RENTAL HOUSING</b>		
- at cost (note 3)		
Properties eligible for Federal loans	64,388,716	65,188,968
Provincial share of joint Federal/ Provincial properties	24,888,517	24,648,553
Properties wholly funded by the Province	<u>-</u>	<u>3,836,972</u>
	89,277,233	93,674,493
<u>Less - accumulated return of investment (Exhibit B)</u>	<u>9,174,375</u>	<u>8,306,758</u>
	<u>80,102,858</u>	<u>85,367,735</u>
Approved by the Board:		
		
(Director)		
		
(Director)		
The 4 accompanying notes form an integral part of these financial statements.		
	<u>\$89,851,659</u>	<u>\$94,215,988</u>

## EXHIBIT A

## PROVINCIAL RENTAL HOUSING CORPORATION

## STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 1980

## LIABILITIES

	<u>1980</u>	<u>1979</u>
CURRENT LIABILITIES (note 4)		
Interest payable and accrued	\$13,205,485	\$13,965,433
Current portion of long-term debt	<u>638,889</u>	<u>57,049</u>
	<u>13,844,374</u>	<u>14,022,482</u>
LONG-TERM DEBT (note 4)		
Crown Land Fund Floating Charge		
9 3/4% Debenture	28,165,525	31,762,533
Debenture mortgage loans -		
Canada Mortgage and Housing		
Corporation - Schedule 1	<u>47,778,127</u>	<u>47,785,500</u>
	75,943,652	79,548,033
<u>Less</u> - current portion as above	<u>638,889</u>	<u>57,049</u>
	<u>75,304,763</u>	<u>79,490,984</u>

## SHAREHOLDER'S EQUITY

SHARE CAPITAL		
Authorized 10,000 common shares		
of no par value		
Issued and fully paid		
- 3 shares (note 2)	3	3
CONTRIBUTED SURPLUS	669,076	669,076
RETAINED EARNINGS	<u>33,443</u>	<u>33,443</u>
	<u>702,522</u>	<u>702,522</u>
	<u>\$89,851,659</u>	<u>\$94,215,988</u>



## EXHIBIT B

PROVINCIAL RENTAL HOUSING CORPORATION  
 STATEMENT OF ACCUMULATED RETURN OF INVESTMENT  
 FOR THE YEAR ENDED DECEMBER 31, 1980

	<u>1980</u>	<u>1979</u>
REVENUE		
Amortization revenue (note 1)	\$8,444,492	\$10,701,901
Interest earned	<u>100,960</u>	<u>41,044</u>
	<u>8,545,452</u>	<u>10,742,945</u>
EXPENSES		
Interest expense	7,500,786	8,075,937
Insurance	55,349	60,191
Administrative costs	<u>41,732</u>	<u>32,007</u>
	<u>7,597,867</u>	<u>8,168,135</u>
EXCESS OF REVENUE OVER EXPENSES	947,585	2,574,810
LOSS ON DISPOSAL OF RENTAL HOUSING PROPERTIES	<u>(79,968)</u>	<u>-</u>
RETURN OF INVESTMENT FOR THE YEAR	867,617	2,574,810
BALANCE AT BEGINNING OF YEAR	<u>8,306,758</u>	<u>5,731,948</u>
BALANCE AT END OF YEAR (Exhibit A)	<u><u>\$9,174,375</u></u>	<u><u>\$ 8,306,758</u></u>

## EXHIBIT C

PROVINCIAL RENTAL HOUSING CORPORATION  
STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE YEAR ENDED DECEMBER 31, 1980

	<u>1980</u>	<u>1979</u>
FUNDS WERE PROVIDED BY:		
Return of investment for the year	\$ 867,617	\$ 2,574,810
Item not affecting working capital		
Loss on disposal of rental housing properties	<u>79,968</u>	<u>-</u>
Provided from return of investment	947,585	2,574,810
Disposal of investment in rental housing	4,606,932	173,343
Advances from Crown Land Fund	386,340	6,883,735
	<u>5,940,857</u>	<u>9,631,888</u>
FUNDS WERE APPLIED TO:		
Acquisitions and cost adjustments to rental housing	289,640	6,901,609
Retirement of long-term debt	3,990,721	9,352,287
Increase in current portion of long-term debt	<u>581,840</u>	<u>4,654</u>
	<u>4,862,201</u>	<u>16,258,550</u>
INCREASE (DECREASE) IN WORKING CAPITAL	1,078,656	(6,626,662)
WORKING CAPITAL (DEFICIENCY) AT BEGINNING OF THE YEAR	<u>(5,174,229)</u>	<u>1,452,433</u>
WORKING CAPITAL (DEFICIENCY) AT END OF YEAR	<u><u>\$(4,095,573)</u></u>	<u><u>\$(5,174,229)</u></u>

## PROVINCIAL RENTAL HOUSING CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1980

1. SIGNIFICANT ACCOUNTING POLICY

## Amortization Revenue

Amortization revenue is the annual amount charged for repayment of capital costs with interest to British Columbia Housing Management Commission which manages the rental housing units of the Corporation. The basis of the charge is determined by agreement between the Federal/Provincial Authorities which subsidize the operating deficits of these low income/senior citizen housing facilities.

This amortization revenue, after providing for interest and other expenses, is added to the Corporation's accumulated return of investment, which is treated as a reduction of investment in rental housing.

2. ISSUED SHARES

All issued shares of the Corporation are held by Her Majesty the Queen in right of the Province of British Columbia, represented by the Minister of Lands, Parks and Housing.

3. INVESTMENT IN RENTAL HOUSING

The Corporation returned to the Crown Land Fund its entire holding of properties wholly funded by the Province at the beginning of the year at its acquisition cost of \$3,836,972.

In addition units from two projects eligible for federal loans were sold during the year at losses amounting to \$79,968.

## PROVINCIAL RENTAL HOUSING CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1980

During the year the Corporation and Canada Mortgage and Housing Corporation achieved a uniform cost base for the joint Federal/Provincial properties. The Corporation amended its investment records accordingly to reflect the adjustment to the acquisition costs of these properties by \$146,376.

At December 31 1980 the investment of the Corporation in subsidized rental housing amounted to \$89,277,233 and comprised 97 projects containing 7,845 rental units.

As at December 31 1980 official transfer of title to the Corporation of its interest in joint Federal/Provincial projects had not been completed.

4. LONG TERM DEBT

As at December 31, 1980 loan balances totalled \$47,778,127, as outlined in Schedule 1. Repayment of principal and interest is amortized over periods of 48 to 50 years and may extend to the year 2027.

Current liabilities includes sales proceeds of \$769,960 arising on the disposal of housing units encumbered by debenture mortgage loans.

## SCHEDULE 1

## PROVINCIAL RENTAL HOUSING CORPORATION

## DEBENTURE MORTGAGE LOANS PAYABLE

AS AT DECEMBER 31, 1980

PROJECT NUMBER	PROJECT LOCATION	DEBENTURE NUMBER	INTEREST RATE %	ANNUAL INSTALMENT INC. INTEREST	LOAN BALANCE
A01-001	Abbotsford/Mackenzie	1	10.375	\$ 104,593	\$ 973,269
B02-005	Burnaby/Lister	2	10.375	61,376	570,541
B02-006	Burnaby/McPherson	3	10.375	19,211	178,580
B02-008	Burnaby/Laurelynn	4	8.625	170,568	1,892,543
B02-014	Burnaby/D.Drummond	5	10.375	255,505	2,375,110
B04-007	Burns Lake/McKenna	6	10.750	76,044	682,778
C02-001	Campbell River/Simms	7	9.750	89,473	883,484
C02-002	Campbell River/Robron	8	9.750	137,563	1,360,060
C07-002	Castlegar/1st & Elm	9	10.750	46,832	421,153
C07-003	Castlegar/Woodland	10	10.500	92,921	855,302
K01-005	Kamloops/Ocelot	11	9.750	33,899	334,728
M01-005	Mackenzie/Dezell	12	10.375	114,938	1,068,434
M04-001	Matsqui/Clearbrook	13	9.750	35,719	352,697
M08-001	Mission/Windebank	14	9.750	83,633	825,823
N02-001	Nanaimo/Howard	15	9.750	100,703	995,633
N10-003	N.Vancouver/Grant McNeil	16	9.750	366,587	3,624,392
003-003	Oliver/Oliver Gardens	17	10.750	12,084	108,498
P07-002	Port Alberni/Geo.Dowling	18	9.750	49,098	484,811
P07-003	Port Alberni/Gertrude	19	9.750	29,934	296,298
P07-004	Port Alberni/Ridgewood	20	9.750	48,371	478,786
P19-011	Prince Rupert/Summit	21	10.750	162,958	1,464,268
P19-012	Prince Rupert/Cedar Rdge.	22	9.750	146,933	1,450,863
P19-013	Prince Rupert/Park Ave.	23	10.750	102,285	919,091
P20-002	Princeton/Allin St.	24	10.750	48,780	438,320
R04-002	Richmond/Laurelwood A	25	9.750	203,062	2,005,098
R04-003	Richmond/Laurelwood B	26	9.750	158,557	1,565,643
R04-004	Richmond/Blundell Rd.	27	10.750	389,643	3,501,161
S13-001	Squamish/Valleycliffe	28	10.375	514,938	1,570,980
S13-002	Squamish/Brachendale	29	10.375	255,022	230,725
S18-002	N. Surrey/Len Shepherd	30	10.375	173,657	1,615,929
S18-006	Surrey/Greenbrook	31	10.000	449,280	4,328,928
V02-044	Vancouver/D. Steeves	32	8.625	390,381	4,331,489
V02-048	Vancouver/Vine St.	33	10.375	28,706	266,843
V02-049	Vancouver/Haida Court	34	9.750	58,893	582,264
V04-005	Vanderhoof/Maverick	35	9.750	106,348	1,051,444
V06-014	Victoria/Bayview	36	9.750	39,338	388,432
V06-015	Victoria/Juniper Gardens	37	9.750	42,663	421,265
V06-020	Victoria/Cedars	38	10.750	164,596	1,480,182
W02-001	W. Vancouver/Sunnyside	39	8.000	117,882	1,402,282
				<u>\$5,482,974</u>	<u>\$47,778,127</u>

**QUEEN'S PRINTER**

REPORT OF THE COMPTROLLER GENERAL

The financial statements of the Queen's Printer have been prepared from, and accurately reflect, the financial records of the Government of British Columbia. While these statements have not been audited, they do form part of the accounts of the Consolidated Revenue Fund which has been audited.

D.R. Alexander  
Comptroller General

Victoria, British Columbia  
September 29, 1981

MINISTRY OF PROVINCIAL SECRETARY & GOVERNMENT SERVICES

QUEEN'S PRINTER PROGRAM

BALANCE SHEET AS AT MARCH 31, 1981

ASSETS	LIABILITIES	
	QP OPERATING ACCOUNT	
CURRENT ASSETS		
Inventory - March 31, 1981	\$ 1,567,665.49	
Labour In Process - March 31, 1981	101,239.54	
Materials In Process - March 31, 1981	<u>76,281.52</u>	\$ 1,745,186.55
ACCOUNT RECEIVABLE		
Departmental	244,771.08	
General (Net D.A. Accts.)	<u>7,579.32</u>	252,350.40
Total Current Assets		<u>1,997,536.95</u>
FIXED ASSETS		
Plant and Equipment	2,321,257.70	
Less - Reserve for Depreciation	<u>2,321,256.70</u>	1.00
Total Fixed Assets		<u>1,997,537.95</u>
		<u>\$ 1,997,537.95</u>

## MINISTRY OF PROVINCIAL SECRETARY &amp; GOVERNMENT SERVICES

QUEEN'S PRINTER PROGRAMPROFIT AND LOSS STATEMENT FOR TWELVE MONTHS ENDING MARCH 31, 1981

<u>SALES</u>		
Gross Sales	\$21,250,687.35	
Less Refunds	<u>10,216.06</u>	
Net Sales		\$21,240,471.29
Inventory - March 31, 1980		\$ 1,503,137.82
Labour In Process - March 31, 1980		213,639.69
Material In Process - March 31, 1980		<u>107,473.88</u>
<u>PURCHASES</u>		
Printing and Binding	10,413,220.67	
Stationery	<u>6,164,917.77</u>	
Total Purchases		16,578,138.44
Factory Payroll		<u>2,424,577.65</u>
		20,626,967.48
Less Current Inventory - March 31, 1981	1,567,665.49	
Current Labour In Process - March 31, 1981	<u>101,239.54</u>	
Current Materials In Process - March 31, 1981		1,745,186.55
Gross Profit		<u>18,881,780.93</u>
<u>EXPENSES</u>		
Contract for Services	52,411.96	
Salaries	<u>805,851.72</u>	
		2,358,690.36



Office Expense	\$ 127,989.92
Travel Expense	3,861.94
Factory Expense	240,518.03
Depreciation	421,930.86
Employee Benefits	18,955.93
TOTAL EXPENSES	<u>\$ 1,651,520.36</u>

NET PROFIT ON OPERATIONS	707,170.00
MISCELLANEOUS INCOME	6,476.11
PROCEEDS ON DISPOSAL OF FIXED ASSETS	42,385.20
TOTAL PROFIT FOR THE YEAR	<u><u>\$ 756,031.31</u></u>

## SCIENCE COUNCIL OF BRITISH COLUMBIA

**Coopers  
& Lybrand**chartered accountants  
28th Floor - Royal Centre  
1055 West Georgia Street  
Vancouver British Columbia  
Canada V6E 3R2mailing address  
PO Box 11128 - Royal Centre  
1055 West Georgia Street  
Vancouver British Columbia  
Canada V6E 3R2telephone (604) 682 - 7821  
cable Colybrand  
telex 04-507630a member firm of  
Coopers & Lybrand (International)

May 20, 1981

AUDITORS' REPORT  
TO THE MINISTER OF UNIVERSITIES,  
SCIENCE AND COMMUNICATIONS

We have examined the balance sheet of The Science Council of British Columbia and Secretariat on Science, Research and Development as at March 31, 1981 and the statements of research appropriations, expenditures and unexpended appropriations and operations appropriations, expenditures and unexpended appropriations for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, except for the accounting treatment of fixed assets, referred to in note 1, these financial statements present fairly the financial position of the Council and Secretariat as at March 31, 1981 and the results of their operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Coopers & Lybrand*

CHARTERED ACCOUNTANTS



THE SCIENCE COUNCIL OF BRITISH COLUMBIA  
AND SECRETARIAT ON SCIENCE, RESEARCH AND DEVELOPMENT  
BALANCE SHEET AS AT MARCH 31, 1981

A S S E T S

	1981 \$	1980 \$
CASH AND SHORT-TERM DEPOSITS	3,279,743	1,241,233
ACCOUNTS RECEIVABLE	54,147	12,043
PREPAID EXPENSES	<u>1,433</u>	<u>          </u>
	<u>3,335,323</u>	<u>1,253,276</u>

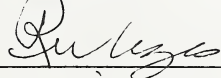
L I A B I L I T I E S

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	<u>13,760</u>	<u>6,086</u>
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U N E X P E N D E D    A P P R O P R I A T I O N S

RESEARCH (note 2)	3,141,388	1,199,992
OPERATIONS	<u>180,175</u>	<u>47,198</u>
	3,321,563	1,247,190
COMMITMENTS (note 2)	<u>          </u>	<u>          </u>
	<u>3,335,323</u>	<u>1,253,276</u>

APPROVED BY THE COUNCIL AND SECRETARIAT

  
\_\_\_\_\_  
W. T. Amity  
\_\_\_\_\_

THE SCIENCE COUNCIL OF BRITISH COLUMBIA  
AND SECRETARIAT ON SCIENCE, RESEARCH AND DEVELOPMENT  
STATEMENT OF RESEARCH APPROPRIATIONS, EXPENDITURES  
AND UNEXPENDED APPROPRIATIONS  
FOR THE YEAR ENDED MARCH 31, 1981

	1981 \$	1980 \$
RESEARCH APPROPRIATIONS		
Grants	5,000,000	2,250,000
Interest	<u>413,030</u>	<u>78,033</u>
	<u>5,413,030</u>	<u>2,328,033</u>
RESEARCH EXPENDITURES		
Coal liquefaction grant		130,000
Direct expenses and other	5,658	3,825
Fisheries technology grant		300,000
Graduate Research Engineering And Technology awards	309,875	
Grants - see Schedule	3,024,201	992,416
Honoraria	1,900	1,800
Industrial Post-Doctoral Fellowships	<u>130,000</u>	
	<u>3,471,634</u>	<u>1,428,041</u>
UNEXPENDED APPROPRIATIONS FOR THE YEAR	1,941,396	899,992
BALANCE - BEGINNING OF YEAR	<u>1,199,992</u>	<u>300,000</u>
BALANCE - END OF YEAR (note 2)	<u><u>3,141,388</u></u>	<u><u>1,199,992</u></u>

THE SCIENCE COUNCIL OF BRITISH COLUMBIA  
AND SECRETARIAT ON SCIENCE, RESEARCH AND DEVELOPMENT  
STATEMENT OF OPERATIONS APPROPRIATIONS, EXPENDITURES  
AND UNEXPENDED APPROPRIATIONS  
FOR THE YEAR ENDED MARCH 31, 1981

	1981 \$	1980 \$
OPERATIONS APPROPRIATIONS		
Grants	324,175	156,100
Interest	<u>13,681</u>	<u>20,054</u>
	<u>337,856</u>	<u>176,154</u>
EXPENDITURES		
Consulting fees	19,495	6,425
Furniture and equipment	3,549	1,644
Leasehold improvements		1,603
Meetings	1,447	900
Personnel recruitment	1,394	1,275
Photocopying and printing	27,818	20,018
Postage and courier	4,520	2,023
Professional fees	3,276	1,205
Publications	1,290	539
Rent	17,129	16,278
Salaries and employee benefits	125,505	109,330
Stationery and supplies	3,591	2,100
Telephone	4,171	3,059
Travel	<u>8,020</u>	<u>7,325</u>
	<u>221,205</u>	<u>173,724</u>
Other		
Chinese international exchange	22,435	
Electric car	3,500	
Public events (note 3)	<u>32,554</u>	<u>2,584</u>
	<u>58,489</u>	<u>2,584</u>
	<u>279,694</u>	<u>176,308</u>
RECOVERY OF EXPENDITURES		
British Columbia Health Care Research Foundation	26,672	22,824
Chinese international exchange	35,000	
Electric car	3,500	
Other	9,643	10,414
Public events	<u>          </u>	<u>2,700</u>
	<u>74,815</u>	<u>35,938</u>
UNEXPENDED APPROPRIATIONS FOR THE YEAR	132,977	35,784
BALANCE - BEGINNING OF YEAR	<u>47,198</u>	<u>11,414</u>
BALANCE - END OF YEAR	<u><u>180,175</u></u>	<u><u>47,198</u></u>

THE SCIENCE COUNCIL OF BRITISH COLUMBIA  
AND SECRETARIAT ON SCIENCE, RESEARCH AND DEVELOPMENT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 1981

1. ACCOUNTING POLICY

Fixed assets are not capitalized and depreciated as assets of the Council and Secretariat, but are written off in the period in which they are purchased.

2. RESEARCH GRANT COMMITMENTS

During the year, the Council approved funding for research projects totalling \$4,038,871. At March 31, 1981 \$2,196,431 remained as outstanding commitments - see Schedule. Council anticipates that the balance of unexpended research appropriations will be utilized to fund ongoing projects, scholarships and fellowships in the year ending March 31, 1982.

3. PUBLIC EVENTS

During the year, the Council was involved in public events for the promotion of awareness of science and research in British Columbia, including Discovery Fair, 1980.

4. COMMITMENT

Under a long-term lease for office premises, the Council and Secretariat have a minimum rental commitment of \$17,000 for each of the next three years.

THE SCIENCE COUNCIL OF BRITISH COLUMBIA  
AND SECRETARIAT ON SCIENCE, RESEARCH AND DEVELOPMENT  
SCHEDULE OF COMMITMENTS AND DISBURSEMENTS OF SCIENCE COUNCIL RESEARCH GRANTS  
FOR THE YEAR ENDED MARCH 31, 1981

UNSOLICITED RESEARCH PROJECTS		\$
Commitment outstanding at beginning of year	253,855	
Additional commitments to existing projects	654,240	
New projects approved in year	221,150	
Disbursed in year	<u>(805,205)</u>	
Commitment outstanding at end of year		324,040
RESEARCH COMPETITION #1		
Commitment outstanding at beginning of year	927,906	
Disbursed in year	<u>(730,260)</u>	
Commitment outstanding at end of year		197,646
RESEARCH COMPETITION #2		
Commitment made during year	1,657,642	
Disbursed in year	<u>( 846,994)</u>	
Commitment outstanding at end of year		810,648
RESEARCH COMPETITION #3		
Commitment made during year	1,505,839	
Disbursed in year	<u>( 641,742)</u>	
Commitment outstanding at end of year		<u>864,097</u>
TOTAL COMMITMENTS OUTSTANDING AT END OF YEAR (note 2)		<u><u>2,196,431</u></u>



**SIMON FRASER UNIVERSITY**



Province of  
British Columbia

Office of the  
Auditor General  
Province of British Columbia

8 Bastion Square  
Victoria  
British Columbia  
V8V 1X4

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**AUDITOR'S REPORT**

To the Chairman and Members of the Board of Governors of  
Simon Fraser University, and

To the Minister of Universities, Science and Communications  
Province of British Columbia:

I have examined the balance sheet of Simon Fraser University as at 31 March 1981 and the statements of revenue and expenditure and changes in fund balances, expenditures by fund, changes in appropriated fund balances and ancillary enterprise operations for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the University as at 31 March 1981 and the results of its operations and the changes in its fund balances for the year then ended in accordance with accounting principles generally accepted for universities applied on a basis consistent with that of the preceding year.

A handwritten signature in cursive script, reading "Erma Morrison".

Erma Morrison, C.A.  
Auditor General

Victoria, British Columbia  
10 June 1981

SIMON FRASER UNIVERSITYBalance Sheet

as at March 31, 1981

(thousands of dollars)


<u>Assets</u>		<u>Liabilities and Fund Balances</u>	
	<u>1981</u>		<u>1981</u>
<u>OPERATING FUNDS</u>		<u>OPERATING FUNDS</u>	
Cash and short term deposits	\$14,986	Accounts payable and accrued liabilities	\$ 6,021
Accounts receivable	1,339	General purpose fund	2,408
Inventories	1,024	Unappropriated	6,194
		Appropriated	2,726
		Specific purpose fund	
	<u>\$17,349</u>		<u>\$17,349</u>
		<u>ENDOWMENT AND STUDENT LOAN FUNDS</u>	
		Endowment fund	\$ 1,507
		Student loan fund	83
			<u>\$ 1,590</u>
		<u>CAPITAL FUND</u>	
		Accounts and holdbacks payable	\$ 1,203
		Bank loans payable (Note 2)	6,583
		Long term debt (Note 3)	
		Canada Mortgage and Housing Corporation	3,472
		Capital Financing Authority - \$16,510	
		Less sinking fund (Note 3)	15,837
		Net investment in land, buildings and equipment	
		(Schedule 3)	56,309
		Capital fund balances	
		Unappropriated	2,353
		Appropriated	1,818
			<u>\$87,575</u>
			<u>\$80,516</u>
			<u>\$ 1,380</u>
			<u>\$ 1,836</u>
			<u>2,412</u>
			<u>3,493</u>
			<u>13,927</u>
			<u>55,350</u>
			<u>2,256</u>
			<u>1,242</u>
			<u>\$80,516</u>

The accompanying notes are an integral part of these financial statements

Approved by the Board of Governors:



G.W. Hungerford  
Vice-Chairman, Board of Governors



E.M. Scott, Ph.D.  
Executive Director of Finance

## Exhibit B

## SIMON FRASER UNIVERSITY

## Statement of Revenue and Expenditure and Changes in Fund Balances

Year Ended March 31, 1981

(thousands of dollars)

	General Purpose	Sponsored Research	Specific Purpose Scholarship and Bursary	Other Grants and Programmes	Total Operating	Endowment and Student Loan	Capital	Total Funds Year Ended March 31
								1981 1980
Revenue	\$54,027	\$1,034	\$116	\$893	\$56,070		\$3,385	\$59,455 \$52,886
Province of British Columbia grants		3,423		163	3,586			3,586 2,702
Government of Canada grants		76	35		111			111 97
Other government grants	5,146			153	5,299			5,299 4,535
Student fees - credit courses	322			13	335			335 293
Gifts and grants - other	51	397	121	88	657	\$ 31		688 716
Investment income	1,801		177		1,978		460	2,438 1,904
Miscellaneous income	348				348	32		380 178
Total revenue	61,695	4,930	449	1,310	68,384	63	3,845	72,292 63,311
Expenditures (Exhibit C)	59,763	4,474	292	1,405	65,934		3,413	69,347 59,305
Ancillary enterprises (Exhibit E)	206				206			206 40
Total expenditures	59,969	4,474	292	1,405	66,140		3,413	69,553 59,345
Increase (decrease) in fund balances from current operations	1,726	456	157	( 95)	2,244	63	432	2,739 3,966
Other sources:								
Interfund transfers	72	13		66	151	147	780	1,078 34
	1,798	469	157	( 29)	2,395	210	1,212	3,817 4,000
Decrease in fund balances:								
Acquisition of capital assets	730				730		539	539 85
Increase in appropriated fund balance, net (Exhibit D)	908		92	78	1,078		576	1,306 2,208
Interfund transfers	1,638		92	78	1,808		1,115	2,923 2,327
Net increase (decrease) during the year	160	469	65	(107)	587	210	97	894 1,673
Fund balances, April 1, 1980	2,248	1,390	150	759	4,447	1,380	2,256	8,183 6,510
Fund balances, March 31, 1981 (Exhibit A)	\$2,408	1,859	215	652	5,134	1,590	2,353	\$9,077 \$8,183

## Exhibit C

## SIMON FRASER UNIVERSITY

## Statement of Expenditures by Fund

Year Ended March 31, 1981

(thousands of dollars)

	General Purpose	Specific Purpose			Total Operating	Capital Fund	Total Expenditures	
		Sponsored Research	Scholarship and Bursary	Other Grants and Programmes			1981	1980
<b>Expenditures</b>								
Academic Salaries		\$ 907		\$ 97	\$20,116		\$20,116	\$18,118
Academic ranks	\$19,112	1,945		262	5,847		5,847	4,848
Other instruction and research	3,640			569	19,299		19,299	15,965
Other salaries and wages	18,730			48	4,755		4,755	4,070
Employee benefits	4,580	127		133	2,107		2,107	1,844
Travel, moving and entertainment	1,519	455		225	6,187		6,187	5,853
Expendable supplies	5,443	519		6	1,325		1,325	1,890
Equipment and furnishings	844	475		7	1,134	\$1,160	1,134	850
Equipment rentals	1,127				1,188		1,188	941
Books and periodicals	1,161			27	1,448		1,448	1,273
Utilities	1,440			8	1,621		1,621	1,239
Student awards	1,329				1,510		1,510	1,522
Contract services	1,510		\$292		546		546	412
Professional fees	530			16	343		343	313
Renovations and alterations	339			4				
Interest - short term					612		612	432
Interest - long term					1,641		1,641	1,070
Insurance	114							
Memberships	55				114		114	119
Internal cost allocations	(49)	46		3	55		55	43
External cost allocations	(1,661)				(1,661)		(1,661)	(1,497)
Total (Exhibit B)	\$59,763	\$4,474	\$292	\$1,405	\$65,934	\$3,413	\$69,347	\$59,305

Exhibit D

## SIMON FRASER UNIVERSITY

## Statement of Changes in Appropriated Fund Balances

For the Year Ended March 31, 1981

(thousands of dollars)

	Appropriated Fund Balance March 31, 1980	Deductions During Year	Additions During Year	Appropriated Fund Balance March 31, 1981
<b>GENERAL PURPOSE OPERATING FUND</b>				
Appropriated annualization cost of salaries	\$1,063	\$1,063	\$1,149	\$1,149
Authorized budget allocations to following fiscal year	730	730	743	743
Appropriated for non-recurring expenditures	2,266	1,946	2,272	2,592
Authorized research grants carryover	294	259	200	235
Provision for payback of provincial operating grant	131	131	-	-
Provision for insurance appraisal and reserve	380	-	20	400
Provision for specific expenditures	309	109	534	734
Provision for general contingencies	257	187	115	185
Reserves for ancillary enterprises	34	-	63	97
Bookstore	-	-	59	59
Residence	-	-	-	-
(Exhibit A)	\$5,464	\$4,425	\$5,155	\$6,194
<b>CAPITAL FUND</b>				
Authorized major equipment allocations	\$ 555	\$ 555	\$ 880	\$ 880
Authorized minor projects	645	575	400	470
Designated scientific and research equipment	42	-	426	468
(Exhibit A)	\$1,242	\$1,130	\$1,706	\$1,818

## Exhibit E

SIMON FRASER UNIVERSITY  
Statement of Ancillary Enterprise Operations  
Year Ended March 31, 1981  
(thousands of dollars)

	Bookstore		Residences		Food Services		Total	
	1981	1980	1981	1980	1981	1980	1981	1980
Revenue								
Sales	\$1,694	\$1,352	\$809	\$746			\$1,694	\$1,352
Rentals	1,694	1,352	809	746			2,503	2,098
Expenditure								
Cost of sales	1,245	975					1,245	975
Food contract service					\$ 34	\$(22)	38	(22)
Salaries and benefits	247	235	191	138			438	373
Travel and entertainment	2		18	5			20	5
External contract services	2	2	20	12			22	14
Landscaping			42	15			42	15
Utilities	6	6	124	125	16	11	146	142
Debtenture repayment, principal	45	28	21	19			21	19
Interest	59	52	227	229			272	257
Equipment			10	7	7		76	59
Insurance			6	5			6	5
Janitorial	4	5	73	93	30	23	107	121
Repairs and maintenance	1		184	130	24	13	208	144
Other operating costs	20	17	23	3	29	11	72	31
Total expenditure	1,630	1,321	939	781	140	36	2,709	2,138
Net Revenue (Expenditure) (Exhibit B)	\$ 64	31	(130)	(35)	(140)	(36)	\$ (206)	\$ (40)

SIMON FRASER UNIVERSITY  
Notes to Financial Statements  
March 31, 1981

1. Significant Accounting Policies

(a) General

These financial statements have been prepared in accordance with accounting principles generally accepted for universities. These principles differ from generally accepted accounting principles in the following respects:

- no provision has been made for depreciation of buildings and equipment.
- construction costs for buildings and other facilities, including original equipment and furniture, and renovation costs funded by Capital sources are capitalized in the Capital Fund. Replacement equipment and furniture, new equipment not associated with new construction, alterations and other renovations are expensed as the costs are incurred in the various funds.
- library books and periodicals are expensed in the year of acquisition.
- leases of a capital nature are expensed in the operating fund as payments are made.
- no accrual for employee vacation pay is provided.

(b) Fund Accounting

- The university accounts are maintained in compliance with fund accounting procedures in order to recognize restrictions imposed on the use of available resources. Under these procedures resources are classified into funds in accordance with objectives authorized by the Board of Governors or otherwise specified. Funds have been combined into the following major divisions:
- General purpose operating funds comprise revenues which are administered by the Board of Governors.
- Specific purpose operating funds consist of grants and donations for designated projects and the income earned on endowment funds.



- 2 -

- Endowment funds are received or appropriated with the stipulation the principal will be invested and the related earned income will be expended for specific purposes.
- Capital funds comprise amounts received for the purchase of land, buildings and original equipment, major renovations and alterations, public works projects and additional equipment.

## (c) Inventories

Inventories of supplies are stated at cost and inventories of merchandise held for resale are stated at the lower of cost or net realizable value.

## (d) Ancillary Enterprise Operations

Operations designated as ancillary enterprises by the University include residences, bookstore and campus food services. The operations of these enterprises are conducted on a fee-for-service basis. Expenses include the operating costs of providing these services and debenture payments of interest and principal on the residences. No administrative overhead has been applied.

2. Bank Loans, Other Payables and Commitments

The interim financing of approved capital construction projects is authorized under the provisions of the Educational Institution Capital Finance Act. This financing comprises bank loans in the amount of \$6,583,000 as at March 31, 1981 (\$2,412,000 - March 31, 1980). Accounts and holdbacks payable in the amount of \$1,203,000 (\$1,836,000 - March 31, 1980) and commitments under building and other contracts of \$423,000 (\$2,346,000 - March 31, 1980) will be financed similarly in the next fiscal year. Bank loans are retired from the proceeds of long term debt issued under the authority of the Act.

3. Long Term Debt

A Canada Mortgage and Housing Corporation				Annual
Maturity	Interest	Balance Outstanding		Payments
Date	Rate	March 31/81	March 31/80	Including
		(thousands of dollars)		Interest
Jan. 1, 2017	5.375%	\$ 198	\$ 199	\$ 12
Jan. 2, 2018	5.875%	975	983	65
Jul. 1, 2019	6.875%	<u>2,299</u>	<u>2,311</u>	<u>171</u>
Total (Exhibit A)		<u>\$3,472</u>	<u>\$3,493</u>	<u>\$248</u>

The debentures are secured by a floating charge on the student residences.



- 3 -

## B. Capital Financing Authority

Maturity Date	Interest Rate	Face Value	Sinking Fund Balance	Balance Outstanding		Annual Payments
				March 31 1981	March 31 1980	
(thousands of dollars)						
June 9, 1998	9.41%	\$ 2,000	\$ 170	\$ 1,830	\$ 1,893	\$ 237
Jan 10, 1999	9.82%	2,000	114	1,886	1,946	245
Mar. 9, 1999	10.16%	3,700	197	3,503	3,608	466
Apr. 10, 1999	10.26%	800	43	757	780	102
Nov. 9, 1999	10.68%	3,700	99	3,601	3,700	485
Mar. 10, 2000	12.74%	2,000	50	1,950	2,000	277
Sept 10, 2000	12.55%	2,100		2,100		15
Mar. 10, 2001	13.13%	210		210		
Total (Exhibit A)		\$16,510	\$ 673	\$15,837	\$13,927	\$1,827

Annual payments comprise interest and sinking fund payments. The actual payments to the sinking fund are based on the discounted present values required to fund fully the repayment of the debt by respective maturity dates. The sinking fund balance consists of total sinking fund instalments to March 31, 1981 plus interest earned thereon. Sinking fund payments, which are financed by the Province of British Columbia, made during 1980/81 amounted to \$346,000 (1979/80 - \$207,000). Earned interest thereon recorded for 1980/81 is \$54,000 (1979/80 - \$17,000).

4. Certain 1980 figures have been restated in order to conform with the financial statement presentation adopted in 1981 with no resultant effect on the Fund Balances.

## Schedule 1

## SIMON FRASER UNIVERSITY

## Schedule of General Purpose Expenditures

Year Ended March 31, 1981

(thousands of dollars)

	Academic	Library	Student Services	Plant and Maintenance	Computer Centre	Administration & General	Total Expenditures Year Ended March 31
							1981
							1980
<b>Expenditures</b>							
Academic Salaries	\$19,112						\$17,392
Academic ranks	3,640						3,002
Other instruction and research	6,752	\$2,699	\$1,840	\$1,795	\$2,057	\$3,587	18,730
Other salaries and wages	3,098	297	194	264	261	466	15,697
Employee benefits	1,073	20	196	16	20	194	4,580
Travel, moving and entertainment	2,236	243	280	1,095	695	894	1,412
Expendable supplies	568	37	23	4	113	99	5,203
Equipment and furnishings	158	7	15	5	916	26	844
Equipment rentals		1,161					1,127
Books and periodicals		20	24	1,136	14	41	1,161
Utilities			1,329				1,440
Student awards				1,290		3	1,253
Contract services	116	101		69	138	192	1,329
Professional fees	120	1	10			39	1,070
Renovations and alterations	114	16	1	147	22	114	1,510
Insurance							550
Memberships	1						409
Internal cost allocations	2,205	215	9	15	(3,763)	54	312
External cost recoveries	(34)	(97)	(427)	(273)	(736)	(94)	114
							55
							(41)
							(1,497)
<b>Total (Exhibit C)</b>	<b>\$39,364</b>	<b>4,720</b>	<b>3,494</b>	<b>5,563</b>	<b>(263)</b>	<b>6,885</b>	<b>\$59,763</b>
							\$52,224

## SIMON FRASER UNIVERSITY

## Schedule of Academic Expenditures

Year Ended March 31, 1981

(thousands of dollars)

	General Purpose Fund	Specific Purpose Fund Sponsored Research	Other Grants and Programmes	Capital Fund	Total Expenditures Year Ended March 31 1981	Total Expenditures Year Ended March 31 1980
Faculty of Arts	\$	\$	\$	\$	\$	\$
Dean's Office	427	27	25	31	479	362
Archaeology	707	174	3		915	817
School of Business Administration and Economics	3,673	29			3,722	2,975
English	2,114	16	12		2,145	1,903
Geography	1,244	60	1	23	1,328	1,237
History	1,241	29			1,272	1,055
Languages, Literatures and Linguistics	1,634	3	32	12	1,681	1,463
Philosophy	627		2		629	533
Political Science	700		4	1	705	600
Psychology	1,817	68	2	48	1,935	1,780
Sociology and Anthropology	954	1		1	956	881
	15,138	407	81	141	15,767	13,606
Faculty of Education	4,348	161	283	48	4,840	4,601
Faculty of Interdisciplinary Studies						
Dean's Office	257	23	6	2	288	335
Centre for the Arts	1,395			25	1,420	1,131
Communication Studies	913	32	61	16	1,022	828
Computing Science	1,700	93		13	1,806	1,313
Criminology	1,056	279	25		1,360	996
Interdisciplinary Programs	324	82	1	5	412	169
Kinesiology	1,168	148	4	63	1,383	1,209
	6,813	657	97	124	7,691	5,981
Faculty of Science						
Dean's Office	342	112		1	455	439
Biological Sciences	2,888	1,109	1	97	4,095	3,576
Chemistry	2,466	897	2	32	3,397	3,243
Mathematics	2,117	154		3	2,274	1,826
Physics	1,714	460	1	55	2,230	1,891
Science Workshops	398			1	399	347
Western Canadian Universities Marine Biological Society Grant	116				116	108
	10,041	2,732	4	189	12,966	11,430
Animal Research Facility	61				63	45
Instructional Media Centre	954			2	1,014	907
Continuing Studies	1,355		660	60	2,018	1,882
Co-op Education	136			3	136	59
Graduate Studies	224	517			741	638
Reading and Study Skills Centre	215				215	183
Programs of Distinction	79				79	
Total Academic Expenditures	\$39,364	4,474	1,125	567	\$45,530	\$39,332

Schedule 3SIMON FRASER UNIVERSITYStatement of Changes in Net Investment in Land, Buildings and EquipmentYear Ended March 31, 1981

(thousands of dollars)

	<u>Year Ended March 31</u>	
	<u>1981</u>	<u>1980</u>
Increases in net investment during the year:		
Additions to land, buildings and equipment	\$ 6,171	\$ 7,876
Sinking fund payments -		
British Columbia Educational Institutions		
Capital Financing Authority	346	207
Interest earned on the sinking fund	54	17
Principal repayments - Canada Mortgage		
and Housing Corporation debentures	21	19
	<u>6,592</u>	<u>8,119</u>
Decreases in net investment during the year:		
Increase in long term debt -		
British Columbia Educational Institutions		
Capital Financing Authority	2,310	6,500
Interim financing on projects	3,323	1,290
	<u>5,633</u>	<u>7,790</u>
Net increase during the year	959	329
Net investment in land, buildings and		
equipment, April 1, 1980	<u>55,350</u>	<u>55,021</u>
Net investment in land, buildings and		
equipment, March 31, 1981 (Exhibit A)	<u>\$56,309</u>	<u>\$55,350</u>

**SURREY FARMS PRODUCTS INVESTMENTS LTD. (FORMERLY PANCO POULTRY)**

*Touche Ross & Co.*

*Chartered Accountants*

**AUDITORS' REPORT**

The Shareholders,  
Surrey Farm Products Investments Ltd.

We have examined the balance sheet of Surrey Farm Products Investments Ltd. as at March 31, 1981 and the statements of income and retained earnings (deficit) for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at March 31, 1981 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Touche Ross & Co.*

Vancouver, B.C.,  
May 21, 1981.

Chartered Accountants

*Touche Ross & Co.*

SURREY FARM PRODUCTS INVESTMENTS LTD.  
(Incorporated under the Company Act of British Columbia)

## BALANCE SHEET AS AT MARCH 31, 1981

	<u>1981</u>	<u>1980</u>
<u>ASSETS</u>		
Term deposits	\$ 60,384	\$104,511
	<u>          </u>	<u>          </u>
<u>LIABILITIES</u>		
Current		
Accounts payable and accrued liabilities	\$ 500	\$ 34,700
<u>SHAREHOLDERS' EQUITY</u>		
Capital stock		
Authorized		
12,600 \$2.75 cumulative, redeemable, preferred shares, Series A par value \$50 each		
150,000 common shares of no par value		
Issued and fully paid		
11,027 preferred shares	551,350	551,350
101,750 common shares	<u>41,155</u>	<u>41,155</u>
	592,505	592,505
Retained earnings (deficit)	<u>(532,621)</u>	<u>(522,694)</u>
Approved by the Director	<u>\$ 60,384</u>	<u>\$104,511</u>

  
J.B. Phillips

See accompanying notes to financial statements.

*Touche Ross & Co.*

## SURREY FARM PRODUCTS INVESTMENTS LTD.

STATEMENT OF INCOME  
FOR THE YEAR ENDED MARCH 31, 1981

	<u>1981</u>	<u>1980</u>
Income		
Interest income	\$ 8,360	\$146,607
Dividend income	-	160
Other income	-	10,964
	<u>8,360</u>	<u>157,731</u>
Expenses		
Consulting fees	4,284	11,438
Legal	2,554	16,353
Accounting and audit	575	700
Insurance (recovery)	-	(6,997)
Pension plan (recovery)	-	(1,227)
Miscellaneous	855	2,380
Records storage	964	-
	<u>9,232</u>	<u>12,647</u>
	(872)	145,084
Provision for settlement of feed claim	<u>9,055</u>	<u>34,000</u>
Net income (loss) for the year	<u>(\$ 9,927)</u>	<u>\$111,084</u>

See accompanying notes to financial statements.

*Touche Ross & Co.*

## SURREY FARM PRODUCTS INVESTMENTS LTD.

STATEMENT OF RETAINED EARNINGS (DEFICIT)  
FOR THE YEAR ENDED MARCH 31, 1981

	<u>1981</u>	<u>1980</u>
Balance at beginning of year	(\$ 522,694)	\$14,172,390
Net income (loss) for the year	<u>(9,927)</u>	<u>111,084</u>
	(532,621)	14,283,474
Assignment of Surrey Co-Op deposit to the Province of British Columbia	-	(6,168)
Dividend paid to Minister of Finance	<u>-</u>	<u>(14,800,000)</u>
Deficit at end of year	<u>(\$ 532,621)</u>	<u>(\$ 522,694)</u>

See accompanying notes to financial statements.



*Touche Ross & Co*

SURREY FARM PRODUCTS INVESTMENTS LTD.

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 1981

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## 1. Subsidiary companies

The wholly-owned subsidiaries, Surrey Farm Products Hatchery Ltd. (formerly Pacific Hatchery Ltd.) and Western Feed Co. Ltd. are inactive and have no assets or liabilities.

## 2. Income taxes

The purchase on February 17, 1975 of all the issued shares of Surrey Farm Products Investments Ltd. by the Province of British Columbia had the effect of making the company exempt from income taxes under Section 149 of the Income Tax Act.

**T.S. HOLDINGS LTD.**



Suite 720 - 880 Douglas Street  
Victoria, B.C. V8W 2B7  
(604) 383-4191

August 18, 1981

**AUDITORS' REPORT**

To the Minister of Municipal Affairs  
on behalf of the former shareholder  
of T. S. Holdings Ltd.:

We have examined the statements of operations and liquidation and changes in financial position of T. S. Holdings Ltd. for the period April 1, 1980 to March 31, 1981 (date of dissolution). Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the results of its operations and changes in its financial position for the period ended March 31, 1981 and the distribution of its assets on that date in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A handwritten signature in cursive script that reads 'Price Waterhouse & Co.'. Below the signature, the words 'Chartered Accountants' are printed in a small, sans-serif font.

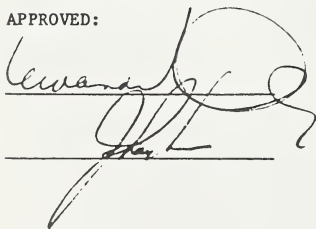
Chartered Accountants

T. S. HOLDINGS LTD.  
(Note 3)

## BALANCE SHEET

	March 31	
	<u>1981</u>	<u>1980</u>
<b>ASSETS</b>		
Due from Pacific Coach Lines Limited (Note 2)	\$ -	\$1,421,996
Investment in wholly-owned subsidiary companies (Note 1)	-	44,983
Incorporation fees, at cost	-	494
	<u>\$ -</u>	<u>\$1,467,473</u>
<b>LIABILITIES</b>		
Due to subsidiary companies:		
Thompson-Okanagan Transit Ltd.	\$ -	\$ 18,834
Vancouver Island Transit Ltd. (Note 2)	-	15,473
Due to Provincial Transit Fund (Note 2)	-	2,811,723
	<u>-</u>	<u>2,846,030</u>
<b>SHAREHOLDER'S DEFICIENCY</b>		
Share capital:		
Authorized-		
10,000 common shares without par value		
Issued-		
Nil (Note 3)	-	1
Deficit	-	(1,378,558)
	<u>-</u>	<u>(1,378,557)</u>
	<u>\$ -</u>	<u>\$1,467,473</u>

APPROVED:



T. S. HOLDINGS LTD.  
(Note 3)

STATEMENT OF OPERATIONS AND LIQUIDATION

	<u>Period ended March 31</u>	
	<u>1981</u>	<u>1980</u>
Extraordinary items:		
Write-down of investment in Vancouver Island Transit Ltd. (Note 1(i))	\$ 41,979	\$ 131,304
Write-down of investment in Thompson-Okanagan Transit Ltd. (Note 1(ii))	2,316	241,694
Write-off of incorporation fees	<u>494</u>	<u>-</u>
Loss for the period	44,789	372,998
Deficit, beginning of period	<u>1,378,558</u>	<u>1,005,560</u>
	1,423,347	1,378,558
Transfer from contributed surplus (Note 2)	<u>(1,424,034)</u>	<u>-</u>
	(687)	1,378,558
Distribution to shareholder (Note 3)	<u>687</u>	<u>-</u>
Deficit, end of period	<u>\$ -</u>	<u>\$1,378,558</u>

T. S. HOLDINGS LTD.  
(Note 3)

STATEMENT OF CHANGES IN FINANCIAL POSITION

	Period ended March 31	
	<u>1981</u>	<u>1980</u>
Financial resources were provided by:		
Operations-		
Loss for the period	\$ (44,789)	\$ (372,998)
Charges not affecting working capital:		
Extraordinary items-		
Write-down of investment in Vancouver Island Transit Ltd. (Note 1(i))	41,979	131,304
Write-down of investment in Thompson-Okanagan Transit Ltd. (Note 1(ii))	2,316	241,694
Write-off of incorporation fees	<u>494</u>	<u>-</u>
	-	-
Decrease in balance due from Pacific Coach Lines Limited	18,834	38,815
Partial recovery of investment in Thompson-Okanagan Transit Ltd. on liquidation (Note 1(ii))	<u>688</u>	<u>-</u>
	<u>19,522</u>	<u>38,815</u>
Financial resources were used for:		
Decrease in balance due to Thompson-Okanagan Transit Ltd.	18,834	-
Distribution to shareholder (Note 3)	687	-
Redemption of share capital (Note 3)	1	-
Decrease in balance due to Provincial Transit Fund	<u>-</u>	<u>38,815</u>
	<u>19,522</u>	<u>38,815</u>
Working capital, beginning and end of period	<u>\$ -</u>	<u>\$ -</u>

## T. S. HOLDINGS LTD.

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 1981

## 1. Termination of operations of subsidiaries:

## (i) Vancouver Island Transit Ltd.

Effective April 1, 1980 the operations and fixed assets of the company were taken over for nil consideration by the Metro Transit Operating Company. Wind-up of the company on March 31, 1981 resulted in a deficit equal to the issued share capital. Consequently there was no distribution to the shareholder or redemption of share capital and the investment of \$41,979 has been written off as an extraordinary item.

## (ii) Thompson-Okanagan Transit Ltd.

Effective August 1, 1980 the Annual Operating Agreement of the company was cancelled and the company ceased to operate the transit system in the City of Kamloops. Wind-up of the company on March 31, 1981 resulted in a distribution to the shareholder of \$688 and the balance of the investment of \$2,316 has been written off as an extraordinary item.

## 2. Contributed surplus:

During the period contributed surplus arose and was transferred to retained earnings as follows:

Balance due to Provincial Transit Fund forgiven by an Order in Council of the Province of British Columbia dated February 19, 1981	\$ 2,811,723
Balance due to Vancouver Island Transit Ltd. forgiven by a Directors' Resolution of that company dated March 31, 1981	<u>15,473</u>
	2,827,196
Less:	
Balance due from Pacific Coach Lines Limited forgiven by a Directors' Resolution of the company dated March 31, 1981	<u>(1,403,162)</u>
Balance transferred to retained earnings	<u><u>\$ 1,424,034</u></u>

## 3. Distribution to shareholder:

By directors' resolution dated March 31, 1981 the Company distributed its remaining assets of \$688 to the shareholder in satisfaction of its share capital and retained earnings and was on that date struck from the Register of Companies.

**TRANSPO '86 CORPORATION**



Province of  
British Columbia

Office of the  
Auditor General  
Province of British Columbia

8 Bastion Square  
Victoria  
British Columbia  
V8V 1X4

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**AUDITOR'S REPORT**

To the President and Board of Directors, and

To the Provincial Secretary and Minister of Government Services  
Province of British Columbia

I have examined the statement of financial position of Transpo 86 Corporation as at 31 March 1981 and the statement of revenue and expenditure for the period from 12 February 1981 to 31 March 1981. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the corporation as at 31 March 1981 and the results of its operations for the period from 12 February 1981 to 31 March 1981 in accordance with generally accepted accounting principles.

A handwritten signature in dark ink, appearing to read "Erma Morrison".

Erma Morrison, C.A.  
Auditor General

Victoria, British Columbia  
23 September 1981

TRANSPO 86 CORPORATIONSTATEMENT OF FINANCIAL POSITIONAS AT MARCH 31, 1981ASSETS

## Current Assets:

Cash	\$165,659.00
Accounts Receivable	4,752.00
Recoverable Deposits	65,000.00

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\$235,411.00

Office Furniture and		
Equipment (Note 2)	\$ 30,152.00	
Less Depreciation	443.00	29,709.00

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\$265,120.00

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LIABILITIES

## Current Liabilities:

Accounts Payable	\$169,148.00
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EXCESS OF REVENUE OVER EXPENDITURE FOR THE PERIOD	95,972.00
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\$265,120.00

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\_\_\_\_\_  
DIRECTOR  
\_\_\_\_\_  
DIRECTOR



TRANSPO 86 CORPORATIONSTATEMENT OF REVENUE AND EXPENDITUREFOR THE PERIODFEBRUARY 12, 1981 TO MARCH 31, 1981REVENUE

Grants received from the Province of British Columbia	\$393,695.00
--	--------------

EXPENDITURES

Advertising & Promotion	\$ 62,657.00
Benefits	485.00
Depreciation	443.00
Materials & Supplies	4,783.00
Office Expenses	27,111.00
Professional & Special Services	155,353.00
Salaries	12,622.00
Travel & Relocation	34,269.00

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297,723.00

EXCESS OF REVENUE OVER EXPENDITURE  
FOR THE PERIOD

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\$ 95,972.00

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TRANPO 86 CORPORATIONNOTE TO THE FINANCIAL STATEMENTSFOR THE PERIOD ENDED MARCH 31, 19811. THE CORPORATION

The Transpo 86 Corporation is incorporated as a Crown Corporation of the Province of British Columbia under the Transpo 86 Corporation Act, S.B.C. 1980, which was proclaimed to come into force on February 12, 1981.

The purpose of the Corporation is to plan, organize, hold and administer the "1986 World Exposition on Transportation" in all aspects.

2. SIGNIFICANT ACCOUNTING POLICIES

The Financial Statements of the Corporation are prepared in accordance with generally accepted accounting principles.

Office furniture and equipment is recorded at cost. Depreciation is provided on a straight line basis over the shorter of the estimated useful life of the asset and the remaining period to October 13, 1986, the closing date of the Exposition.

## UNIVERSITY OF BRITISH COLUMBIA



Province of  
British Columbia

Office of the  
Auditor General  
Province of British Columbia

8 Bastion Square  
Victoria  
British Columbia  
V8V 1X4

## AUDITOR'S REPORT

To the Chairman and Members of the Board of Governors of  
The University of British Columbia, and

To the Minister of Universities, Science and Communications  
Province of British Columbia:

I have examined the balance sheet of The University of British Columbia as at 31 March 1981 and the statements of revenue and expenditure and changes in fund balances, ancillary enterprise operations and operating surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the University as at 31 March 1981 and the results of its operations and the changes in its fund balances for the year then ended in accordance with accounting principles generally accepted for universities applied on a basis consistent with that of the preceding year.

A handwritten signature in cursive script, reading "Erma Morrison".

Erma Morrison, C.A.  
Auditor General

Victoria, British Columbia  
12 June 1981

## BALANCE SHEET

AS AT MARCH 31 1981

Exhibit A

## ASSETS

## OPERATING FUNDS

	1981	1980
Cash and bank deposit notes	\$6,467,358	\$10,000,691
Investments at cost (market value \$30,767,362 - 1980 \$24,926,718)	31,283,749	25,713,901
Accounts receivable (Note 2)	9,047,647	7,410,578
Inventories (Note 1)	2,696,184	2,496,212
	<u>\$49,494,938</u>	<u>\$45,621,382</u>

## ENDOWMENT AND STUDENT LOAN FUNDS

Cash and bank deposit notes	\$ 6,918	\$ 10,361
Investments at cost (market value \$45,276,708 - 1980 \$38,743,166)	45,400,000	41,010,000
Student loans receivable	299,728	288,672
Donated property at nominal value	3	3
	<u>\$ 45,706,649</u>	<u>\$ 41,309,036</u>

## CAPITAL FUNDS

Cash and bank deposit notes	\$ 12,992,390	\$ 12,653,344
Accounts receivable (Note 2)	955,887	945,661
Investment in teaching facilities at associated hospitals (Note 5)	4,083,732	16,784,192
Land, buildings and equipment (Notes 1, 3 & 5)	311,276,807	259,528,710
	<u>\$329,308,816</u>	<u>\$289,911,907</u>

Approved by the Board of Governors

*L.R. Peterson*  
L.R. Peterson, Q.C.  
Chairman, Board of Governors

*W. White*  
W. White, F.C.G.A.  
Vice President and Bursar

The accompanying notes including commitments (Note 8) are an integral part of these financial statements.

## LIABILITIES AND FUND BALANCES

	1981	1980
Accounts payable and accrued liabilities	\$16,146,481	\$13,640,200
Deferred income - fees and services	1,148,663	1,131,115
General purposes funds		
General - Unappropriated (Exhibit D)	383,930	1,116,105
Appropriated (Exhibit D)	359,501	2,667,694
Provision for accumulated depreciation on ancillary enterprises (Note 6)	2,393,939	2,145,652
Specific purposes fund (Exhibit B)	29,062,424	24,920,616
	<u>\$ 49,494,938</u>	<u>\$ 45,621,382</u>
Student loan funds		
Endowment funds	\$ 1,242,928	\$ 1,324,541
	<u>44,463,721</u>	<u>39,984,495</u>
	<u>\$ 45,706,649</u>	<u>\$ 41,309,036</u>
Accounts payable and holdbacks	\$ 1,192,259	\$ 2,807,332
Bank loans (Note 5)	6,922,163	8,036,184
Long-term Debt (Note 5)		
Less Sinking Fund	\$67,056,196	\$67,056,196
	<u>1,198,450</u>	<u>1,198,450</u>
Net investments in land, buildings & equipment (Exhibit B)	242,509,021	220,993,376
Capital funds	12,827,627	11,482,080
	<u>\$329,308,816</u>	<u>\$289,911,907</u>

THE UNIVERSITY OF BRITISH COLUMBIA  
STATEMENT OF REVENUE AND EXPENDITURE AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED MARCH 31 1981

Exhibit B

	OPERATING FUNDS			Endowment and Student Loan Funds	Capital Funds	Total of all Funds	1980
	General Purposes	Specific Purposes	Total				
Revenue							
Grants:							
Operating	\$143,523,783	\$3,000,000	\$146,523,783	\$ -	\$ -	\$146,523,783	\$133,402,842
Capital	-	-	-	-	38,568,269	38,568,269	14,574,741
Student fees	18,120,808	-	18,120,808	-	-	18,120,808	16,420,318
Investment income	3,361,714	5,187,706	8,549,420	1,191,736	-	11,031,168	9,487,337
Sponsored research	-	36,250,506	36,250,506	-	1,292,012	36,250,506	29,705,986
Gifts, grants and bequests	-	10,145,030	10,145,030	1,833,307	-	12,618,707	12,232,517
Miscellaneous	205,957	-	205,957	-	-	205,957	166,178
Total revenue	165,212,262	54,583,242	219,795,504	3,025,043	40,500,651	263,321,198	215,985,919
(Schedule 1)							
Expenditure							
Academic	121,924,357	10,616,466	132,540,823	-	-	132,540,823	117,106,626
Library	13,367,613	926,888	14,294,501	-	-	14,294,501	12,543,830
Sponsored research	( 635,917)	33,836,465	33,200,548	-	-	33,200,548	27,555,119
Student services	2,287,056	706,151	2,993,207	-	-	2,993,207	2,795,272
Fellowships, scholarships, and bursaries	1,702,763	2,813,108	4,515,871	-	-	4,515,871	4,166,656
Plant maintenance	20,345,240	-	20,345,240	-	-	20,345,240	16,896,855
Administration & General	9,281,525	166,610	9,448,135	3,176	3,771,281	13,222,592	10,894,981
Land, buildings and equipment	-	-	-	-	35,277,119	35,277,119	12,734,073
Total expenditure	168,272,637	49,065,688	217,338,325	3,176	39,048,400	256,389,901	\$204,697,412
Ancillary enterprises (Net)	86,697	-	86,697	-	-	86,697	( 7,207)
	168,359,334	49,065,688	\$217,425,022	3,176	39,048,400	\$256,476,598	\$204,690,205
Changes in fund balances							
Excess of revenue over expenditure	( 3,147,072)	5,517,554	3,021,867	3,021,867	1,452,251	1,452,251	
Inter-fund transfers (Note 4)	106,704	( 1,375,746)	1,375,746	( 1,375,746)	( 106,704)		
Fund balances at April 1, 1980	3,783,799	24,920,616	41,309,036	41,309,036	11,482,080		
Fund balances at March 31, 1981	\$ 743,431	\$29,062,424	\$45,706,649	\$45,706,649	\$ 12,827,627		
( Exhibit D)				( Exhibit A)		( Exhibit A)	

THE UNIVERSITY OF BRITISH COLUMBIA  
STATEMENT OF ANCILLARY ENTERPRISE OPERATIONS  
FOR THE YEAR ENDED MARCH 31 1981

Exhibit C

	Revenue	Expenditures	Bookstore	Campus Food Services	Residences Food Services	Student Conferences Single	Student Dining & Conferences Family	Health Service Hospital	University Pacific Oyster River	Community Health Centres	Parade	Total 1980
Sales	\$6,142,746	\$ 3,739,648	\$ 253,911	\$ 179,565	\$ 118,313	\$ -	\$ 539,355	\$ -	\$ 51,208	\$ -	\$ -	\$9,578,498
Sales	-	-	2,136,765	4,570,396	816,155	-	6,470	-	55,116	-	-	6,588,982
Community Health Centres Revenue	-	-	-	-	-	-	-	-	-	279,910	-	279,910
Hospital Revenue	-	-	-	-	-	-	-	115,694	-	-	-	115,694
												398,847
	6,142,746	3,739,648	2,410,676	4,749,961	934,498	115,694	545,825	279,910	110,324	279,910	110,324	19,039,282
												17,212,093
Cost of Sales	4,638,987	1,495,018	1,213,587	-	-	115,771	215,771	242,661	-	242,661	-	7,137,572
Sales	1,000,897	1,570,031	862,399	1,351,697	111,859	12,477	22,584	24,070	38,533	-	-	5,583,562
Fringe Benefits, including Board Allowance	86,874	93,878	46,699	75,906	11,859	2,783	-	-	1,405	-	-	365,786
Dietary Service	-	-	-	395,322	125,161	3,296	18,041	26,805	-	-	-	44,443
Utilities	21,909	-	32,532	926,558	301,317	6,228	215,989	12,919	6,552	-	-	623,066
Other Operating	203,656	246,124	99,164	1,317,849	44,943	-	51,447	-	-	-	-	2,018,507
Development of Facilities	158,658	45,386	8,525	1,196,865	280,137	-	-	-	-	-	-	1,626,808
Debt Repayment, including interest	-	-	43,233	-	-	-	-	-	-	-	-	228,513
	6,100,961	3,450,427	2,309,039	5,258,197	879,208	197,839	523,832	306,455	46,480	306,455	46,480	14,631,260
												16,442,188
Net Operating Margin for Year	41,785	289,221	101,637	( 508,236)	55,290	( 82,145)	21,993	( 26,545)	63,844	( 26,545)	( 43,156)	769,905
Reserved for Future Development (Note 6)	41,785	289,221	101,637	( 508,236)	55,290	-	-	-	-	-	-	( 20,303)
Due to Province of British Columbia	-	-	-	-	-	-	-	-	-	-	-	63,844
	-	-	-	-	-	-	-	-	-	-	-	-
Excess of Revenue over Expenditure (Exhibit B)	-	-	-	-	-	\$(82,145)	\$ 21,993	\$(26,545)	-	\$(26,545)	-	( 86,697)
1980 Comparison	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,606	\$ 14,737	\$(22,136)	-	\$(22,136)	-	\$ 7,207

Exhibit D

THE UNIVERSITY OF BRITISH COLUMBIA  
STATEMENT OF OPERATING SURPLUS  
AS AT MARCH 31 1981

	1981	1980
General Purposes Operating Fund Balance (Exhibit B)	\$743,431	\$3,783,799
Appropriations:		
For specific projects and services not completed	\$238,113	
University Research Forest	121,388	
	359,501	2,667,694
Unappropriated General Purpose Funds (Exhibit A)	\$383,930	\$1,116,105

## THE UNIVERSITY OF BRITISH COLUMBIA

NOTES TO FINANCIAL STATEMENTSMARCH 31 1981

## NOTE 1. Significant Accounting Policies

## a) General

These financial statements have been prepared in accordance with accounting principles generally accepted for Universities. These practices vary from those applicable to profit-oriented enterprises in respect to the following:

- No accrual for vacation pay is provided for salaried employees.
- No provision is made in the financial statements for depreciation of buildings and equipment.
- Long-term investment income is recorded on a cash basis.
- Accrued interest on long term debt is not recorded.
- Library books and periodicals are expensed in the year of acquisition.

## b) Fund Accounting

Transactions of the University are accounted for by fund accounting procedures in order to recognize various restrictions imposed on the use of available resources. Under these procedures, revenues and their related expenditures are accounted for in separate funds in accordance with objectives specified by donors, limitations and restrictions imposed by sources outside the University, and determinations made by the Board of Governors. The major fund divisions are described below:

- General Purposes Operating Funds consist of those revenues and expenditures used in the general operations of the University. Revenues include investment income on funds held for specific purposes.
- Specific Purposes Operating Funds consist of those revenues and expenditures used for projects stipulated by the donors and include income earned on Endowment Funds.
- Endowment Funds consist of donations received with the stipulation that the principal be invested and the income earned be expended for designated purposes.
- Student Loan Funds consist of donations received for the purpose of making loans to students.
- Capital Funds consist of gifts and grants received for the purpose of acquiring capital



The University of British Columbia  
 Notes to Financial Statements  
 March 31, 1981

assets, as described in Note 1(d). These funds may also be used for major renovations and alterations and capital project administrative costs.

c) Inventories

Inventories of merchandise held for resale are stated at the lower of cost and net realizable value. Supplies inventories are recorded at cost. Livestock and experimental animals are stated at market value.

d) Land, Buildings and Equipment

Expenditures for the acquisition of land and buildings or for the initial equipping of buildings are recorded in the statement of revenue and expenditure in the year in which they are incurred and are included as capital assets, at cost, on the balance sheet. When similar assets are donated for use in operations, they are recorded on the balance sheet at cost but are not reflected on the statement of revenue and expenditure. Expenditure for the development and expansion of the University site services is included in land, buildings and equipment if paid out of capital funds and expenses if paid out of operating funds.

e) Ancillary Departments

Ancillary Departments provide goods and services to the university community and are expected to operate on a break-even basis. These departments are assessed most overhead costs associated with their operations including payments of principal and interest on all long-term debt.

f) Investments

Investments are recorded at cost. Gains or losses on sales of investments are recognized in the year of disposal.

g) The financial statements of The University of British Columbia do not include the income or expense of the Health Sciences Centre Hospital, Aquatic Centre, Thunderbird Winter Sports Centre, Faculty Club, Graduate Student Centre and Triumf, but original buildings and contents are included in the capital funds balance sheet.

NOTE 2.

Accounts Receivable

Accounts receivable totalling - operating funds \$9,047,647 (1980 - \$7,410,578) and capital funds \$955,887 (1980 - \$945,661) include the following:

Operating Funds	1981	1980
Government of Canada	\$2,135,571	\$1,787,485
Province of British Columbia	802,692	511,012
John F. McCreary Health Sciences Centre	1,450,950	-
	<u>\$4,389,213</u>	<u>\$2,298,497</u>
Capital Funds		
Province of British Columbia	\$ 933,245	\$ 547,598

The University of British Columbia  
Notes to Financial Statements  
March 31, 1981

NOTE 3. Land, Buildings and Equipment

The net increase in land, buildings and equipment is comprised of the following:

Expenditures provided by capital funds (Exhibit B)  
Less: Renovations and other amounts not included  
in capital assets

	<u>1981</u>	<u>1980</u>
	\$35,277,119	\$12,734,073
	<u>1,251,934</u>	<u>1,164,648</u>
	34,025,185	11,569,425
Capital assets provided by		
- Ancillary Enterprises for Bookstore and Totem Park	1,457,912	-
- Share of cost of construction of the Acute Care Unit paid directly by the Province of British Columbia (the total cost of which is \$36,374,822 as at March 31, 1981.)	<u>16,265,000</u>	<u>-</u>
	<u>\$51,748,097</u>	<u>\$11,569,425</u>

NOTE 4. Inter Fund Transfers

Inter fund transfers are comprised of the following:

- Unexpended income of \$1,375,746 earned on endowment capital and other trust funds from specific purposes funds to endowment funds.
- An amount of \$106,704 transferred to general purposes funds from capital funds to adjust a previous transfer made to supplement the financing of a specific project.

The University of British Columbia  
Notes to Financial Statements  
March 31 1981

NOTE 5. Bank Loans and Long-term Debt

Bank Loans

Maturity	Rate	Authority and Purpose	Amount Outstanding
Demand	Prime	B.C. Educational Institutions Capital Financing Authority	
		Home Economics	\$ 656,118
		Nursing and Rehabilitation Medicine	198,911
		Psychology	173,751
		Public Works 1977/78	1,125,700
		Building Renovations 1977/78	1,345,000
		Health Sciences Centre	253,341
		Labour Intensive Projects	822,000
		Asian Centre	413,359
		Parkade	263,655
		Triumf	1,270,120
		Public Works 1979/80	93,032
		Acute Care Equipment	298,000
		Chemistry/Physics Building	9,176
		(Exhibit A)	
			<u>\$ 6,922,163</u>

The University of British Columbia  
Notes to Financial Statements  
March 31, 1981

Long-term Debt

Long-term debt outstanding at March 31, 1981 is comprised of \$44,703,550 from the B.C. Educational Institutions Capital Financing Authority, and \$21,134,196 from Canada Mortgage and Housing Corporation, for a total of \$65,837,746. See details below.

B.C. Educational Institutions Capital Financing Authority

	Principal	Sinking Fund	Amount Outstanding	Annual Payment
June 9, 1998	\$ 1,000,000	\$ 85,130	\$ 914,870	\$ 118,490
January 10, 1999	4,000,000	227,900	3,772,100	490,395
March 9, 1999	7,000,000	372,060	6,627,940	881,960
April 10, 1999	2,900,000	156,527	2,743,473	368,271
June 8, 1999	2,500,000	134,937	2,365,063	311,475
October 10, 1999	4,800,000	128,190	4,671,810	620,629
November 9, 1999	1,000,000	26,699	973,301	131,163
December 10, 1999	1,575,000	42,050	1,532,950	219,486
March 10, 2000	1,000,000	24,957	975,043	151,790
April 10, 2000	3,800,000	-	3,800,000	601,494
June 10, 2000	1,000,000	-	1,000,000	144,490
July 10, 2000	3,500,000	-	3,500,000	499,065
October 10, 2000	5,300,000	-	5,300,000	774,458
November 10, 2000	2,195,000	-	2,195,000	308,975
January 9, 2001	1,500,000	-	1,500,000	179,850
March 10, 2001	2,832,000	-	2,832,000	277,406
	<u>\$45,902,000</u>	<u>\$1,198,450</u>	<u>\$44,703,550</u>	<u>\$6,079,397</u>

The University of British Columbia  
Notes to Financial Statements  
March 31, 1981

Under the authority of the Educational Institution Capital Finance Act, the University has financed certain capital facilities of the University and teaching facilities at associated hospitals with bank demand loans. These loans are being refinanced through debentures issued by the University to the B.C. Educational Institutions Capital Financing Authority. Funds are received from the Province of British Columbia to fully meet the interest and sinking fund payments. The actual payments to the sinking fund, held by the B.C. Educational Institutions Capital Financing Authority are based on the discounted present values required to fully fund the repayment of the debentures by their respective maturity dates.

Investment in Teaching Facilities at Associated Hospitals

As of March 31, 1981, \$4,083,732 of the above noted bank loans and long-term debt were advanced for capital teaching facilities at associated hospitals.

Canada Mortgage and Housing Corporation

				Amount Outstanding	Annual Payment
January 1, 2012	5 1/8%	Order-in-Council 2832, December 15, 1960		\$ 1,137,294	\$ 73,623
		Place Vanier Residences			
January 1, 2015	5 1/8%	Order-in-Council 1730, July 5, 1963		4,052,507	252,963
		Totem Park Residences			
July 1, 2018	6 1/8%	Order-in-Council 106, January 10, 1967		4,097,838	280,157
		Acadia Park Residences			
July 1, 2019	6 3/8%	Order-in-Council 3413, November 21, 1966		1,172,469	82,072
		Place Vanier Residences			
July 1, 2019	6 1/8%	Order-in-Council 3413, November 21, 1966		2,394,894	165,126
		Totem Park Residences			
July 1, 2022	7 7/8%	Order-in-Council 3413, November 21, 1966		5,066,941	415,882
		Walter H. Gage Residences			
January 1, 2023	7 1/4%	Order-in-Council 3413, November 21, 1966		3,232,253	246,732
		Walter H. Gage Residences (Secured by floating charges on the residences)			
				<u>\$21,154,196</u>	<u>\$1,516,555</u>

The interest portion of the annual payments for the year ended March 31, 1981 was \$1,380,915 (1980 - \$1,388,723).

The University of British Columbia  
Notes to Financial Statements  
March 31 1981

NOTE 6. Provision for Future Expenditures on Ancillary Enterprises

	Balance April 1 1980	Investment Income	Reserved March 31 1981 (Exhibit C)	Balance March 31 1981 (Exhibit A)
Bookstore	\$ 803,456	\$100,575	\$ 41,785	\$ 945,816
Food Services - Campus	258,249	32,328	289,221	579,798
- Residences	5,461	683	101,637	107,781
Student Housing & Conferences				
- Single	573,173	71,749	( 508,236)	136,686
- Family	447,313	55,995	55,290	558,598
University Farm	58,000	7,260	-	65,260
	<u>\$ 2,145,652</u>	<u>\$268,590</u>	<u>\$ ( 20,303)</u>	<u>\$ 2,393,939</u>

NOTE 7. Certain 1980 figures have been restated in order to conform with financial statement presentation adopted in 1981, with no resultant effect on the fund balances.

NOTE 8. Commitments

Commitments under capital contracts at March 31, 1981 amounted to \$6,832,393 to be financed from Capital Funds (1980 - \$1,710,380).

## THE UNIVERSITY OF BRITISH COLUMBIA

## SCHEDULE OF REVENUE

FOR THE YEAR ENDED MARCH 31 1981

Schedule 1

	Operating Grants	Capital Grants	Student Fees	Investment Income	Sponsored Research	Gifts, Grants and Bequests	Miscellaneous	Total	1980
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fees - Regular Session	-	-	12,678,844	-	-	-	-	-	-
- Summer Session	-	-	637,009	-	-	-	-	-	-
- Spring Session	-	-	406,295	-	-	-	-	-	-
- Correspondence and Extra Seasonal	-	-	552,173	-	-	-	-	-	-
- Other - Late Fees, Supplementals, etc.	-	-	224,334	-	-	-	-	-	-
- Total Student Academic Fees	-	-	14,498,655	-	-	-	-	14,498,655	12,908,852
- Centre for Continuing Education and Non-Credit Courses	-	-	3,622,153	-	-	-	-	3,622,153	3,511,466
Government of Canada -	-	-	-	-	21,836,180	758,728	-	22,594,908	18,198,325
- Museum of Anthropology	-	200,000	-	-	-	-	-	200,000	200,000
Province of British Columbia -	143,323,783	4,147,039	-	-	6,968,949	4,411,726	-	158,851,497	141,893,790
- Medical Teaching Expansion Programme	3,000,000	-	-	-	-	-	-	3,000,000	1,371,074
- Capital Financing Authority	-	34,421,230	-	-	-	-	-	34,421,230	11,108,013
Municipalities	-	-	-	-	23,649	-	-	23,649	14,254
Other Governments	-	-	-	-	1,356,572	252,054	-	1,608,626	1,650,299
Individuals	-	-	-	-	67,850	2,892,179	-	2,960,029	2,295,189
Business and Industry	-	-	-	-	1,157,915	1,081,936	-	2,239,851	2,406,530
Foundations, Associations	-	-	-	-	4,603,697	2,465,406	-	7,069,103	9,702,294
Campaigns	-	-	-	-	-	-	-	-	4,200
Students	-	-	-	-	-	156,285	-	156,285	151,355
Interest and Dividends	-	-	-	11,033,168	-	-	-	11,033,168	9,487,337
Unallocated	-	-	-	-	235,694	600,393	205,957	1,042,044	1,086,941
Total as per Statement of Fund Transactions (Exhibit B)	146,523,783	38,568,269	18,120,808	11,033,168	36,250,506	12,618,707	205,957	263,321,198	215,989,919
<b>Summary</b>									
General Purposes Funds	143,523,783	-	18,120,808	3,361,714	-	-	205,957	165,212,262	151,920,145
Specific Purposes Funds	3,000,000	-	-	5,187,706	36,250,506	10,145,030	-	54,583,242	44,885,544
Total Operating Funds	146,523,783	-	18,120,808	8,549,420	36,250,506	10,145,030	205,957	219,795,504	196,805,689
Endowment and Student Loan Funds	-	-	-	1,191,736	-	1,833,307	-	3,025,043	3,029,984
Capital Funds	-	38,568,269	-	1,292,012	-	640,370	-	40,500,651	16,154,246
	146,523,783	38,568,269	18,120,808	11,033,168	36,250,506	12,618,707	205,957	\$263,321,198	\$215,989,919

**THE UNIVERSITY OF BRITISH COLUMBIA**  
**SCHEDULE OF EXPENDITURE**  
**FOR THE YEAR ENDED MARCH 31, 1981**

Schedule 2

	Academic	Library	Sponsored Research	Student Services	Fellowships & Bursaries	Plant Maintenance	Administration & General	Land, Buildings & Equipment	Total of All Funds	1980
<b>Salaries:</b>										
Academic and Administrative Executive	\$86,187,173	\$ 3,046,607	\$ 5,591,136	\$ 823,802	\$ 122,244	\$ 50,682	\$ 4,085,250	\$ 7,568	\$ 95,714,552	\$ 85,251,868
All Other Staff	24,005,077	5,544,502	9,200,838	1,532,165	25,964	13,765,879	4,034,573	571,337	58,680,335	57,107,149
Employee Benefits	11,311,802	827,170	911,479	221,558	4,650	1,367,512	622,064	16,522	15,282,757	13,080,669
<b>Travelling:</b>										
General	2,645,806	48,308	2,167,134	350,278	-	13,690	94,066	15,971	5,335,253	4,474,930
Moving Expenses	220,024	3,493	12,623	2,712	-	-	-	-	236,852	230,260
Expendable Supplies	5,027,232	598,665	4,438,266	719,183	-	( 231,579)	1,714,021	1,040,881	13,306,669	11,729,886
Equipment	5,298,209	330,940	5,248,080	41,600	-	41,540	134,354	1,825,214	12,940,137	10,806,366
<b>Equipment Rentals:</b>										
General	636,711	109,048	237,022	15,360	-	12,307	175,387	46,670	1,232,705	1,121,284
Computer	330,116	281,394	516,701	-	-	-	421	-	1,128,632	1,164,404
<b>Memberships</b>	97,823	70,475	21,436 ( 185)	-	-	1,043	112,968	-	303,760	223,076
Books and Periodicals	401,487	3,480,553	233,125	11,216	-	495	90,288	34	4,217,198	3,593,403
Publications	1,046,269	3,235	216,549	6,343	-	-	40,964	2,077	1,315,637	1,239,780
Utilities	654,784	18,974	158,735	12,890	-	3,914,596	15,966	10,033	4,785,978	4,094,565
Student Awards	114,942	-	3,306,293	2,500	4,363,013	-	-	-	7,786,748	6,957,646
Insurance	24,595	432	9,864	3,675	-	175,464	32,924	-	246,954	334,360
Contract Services	342,941	-	-	-	-	-	3,355	-	346,296	326,794
Professional Fees	1,399,408	61,567	983,479	2,889	-	34,319	273,898	2,132,164	4,887,124	3,469,234
Grants	123,518 ( 553)	-	-	196,775	-	-	537,174	-	855,914	807,566
Interest on Capital Borrowings	-	-	-	-	-	-	4,077,880	-	4,077,880	2,571,853
Renovations and Alterations	856,467	56,219	38,637	18,375	-	1,973,476	25,204	( 5,640)	2,962,738	1,720,574
Building Contracts	-	-	-	-	-	-	-	29,444,308	29,444,308	8,279,047
Other	67,084	2,696	7,864	2,135	-	-	131,435	170,000	381,214	161,687
<b>Deduct Cost Recoveries</b>	139,591,468	14,483,925	33,299,261	3,962,971	4,515,871	21,119,434	13,222,592	35,277,119	265,472,641	212,646,401
<b>Total as per Statement of Fund Transactions (Exhibit B)</b>	7,050,645	189,424	98,713	969,764	-	774,194	-	-	9,082,740	7,948,989
	132,540,823	14,294,501	33,200,548	2,993,207	4,515,871	20,345,240	13,222,592	35,277,119	236,389,901	204,697,412
<b>Summary</b>										
General Purposes Funds	121,924,357	13,367,613 ( 635,917)	2,287,056	1,702,763	20,345,240	-	9,281,325	-	168,274,637	149,776,862
Specific Purposes Funds	10,616,466	926,888	33,836,465	706,151	2,813,108	-	166,610	-	49,065,688	39,606,075
Total Operating Funds	132,540,823	14,294,501	33,200,548	2,993,207	4,515,871	20,345,240	9,448,135	-	217,338,325	189,382,937
Endowment and Student Loan Funds	-	-	-	-	-	-	3,176	-	3,176	8,549
Capital Funds	-	-	-	-	-	-	3,771,281	35,277,119	39,048,400	15,305,926
	\$132,540,823	\$14,294,501	\$33,200,548	\$2,993,207	\$4,515,871	\$20,345,240	\$13,222,592	\$35,277,119	\$256,389,901	\$204,697,412



SCHEDULE OF GENERAL PURPOSES ACADEMIC EXPENDITURE  
FOR THE YEAR ENDED MARCH 31 1981

General Programmes:	General Purposes Funds	Cost Recoveries	Net Expenditures	1980
Arts	\$ 27,153,842	\$ 161,626	\$ 26,992,216	\$ 24,733,965
Education	13,292,870	-	13,292,870	12,209,181
Science	21,784,284	401	21,783,883	20,685,611
Correspondence and Extra-Sessional Studies	2,328,747	-	2,328,747	1,964,595
	64,559,743	162,027	64,397,716	59,593,352
Professional Programmes:				
Agricultural Sciences, including Campus Farms	4,519,787	382,502	4,137,285	3,592,322
Applied Science	11,017,759	-	11,017,759	10,315,634
Commerce & Business Administration	5,703,164	-	5,703,164	5,221,991
Forestry, including Research Forest	2,884,187	573,659	2,310,528	2,011,954
Graduate Studies	2,334,953	43,950	2,291,003	2,120,576
Law	2,531,273	-	2,531,273	2,199,588
	28,991,123	1,000,111	27,991,012	25,462,065
Health Sciences Programmes:				
Coordinator of Health Sciences	1,050,813	-	1,050,813	883,532
Dentistry	3,472,646	218,765	3,253,881	2,949,746
Medicine	18,420,198	4,286,606	14,133,592	12,439,978
Law	1,603,293	3,185	1,600,108	1,480,662
	24,546,950	4,508,556	20,038,394	17,753,918
Associated Academic Services:				
Centre for Continuing Education	3,815,165	-	3,815,165	3,549,739
Computing Centre	4,205,193	564,453	3,640,740	1,526,932
Others	2,138,992	97,662	2,041,330	1,863,385
	10,159,350	662,115	9,497,235	6,940,056
Total General Purposes Academic Expenditure	\$ 128,257,166	\$ 6,332,809	\$121,924,357	\$109,749,391

## UNIVERSITY OF BRITISH COLUMBIA HEALTH SCIENCES CENTRE



Province of  
British Columbia

Office of the  
Auditor General  
Province of British Columbia

8 Bastion Square  
Victoria  
British Columbia  
V8V 1X4

## AUDITOR'S REPORT

To the Chairman and Members of the Board of Governors of  
The University of British Columbia,

To the Minister of Health  
Province of British Columbia, and

To the Minister of Universities, Science and Communications  
Province of British Columbia:

I have examined the balance sheet of The University of British Columbia Health Sciences Centre as at 31 March 1981 and the statements of unappropriated surplus and revenue and expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Centre as at 31 March 1981 and the results of its operations and the changes in its unappropriated surplus for the year then ended in accordance with accounting principles generally accepted for British Columbia Hospitals applied on a basis consistent with that of the preceding year.

A handwritten signature in cursive script, reading "Erma Morrison".

Erma Morrison, C.A.  
Auditor General

Victoria, British Columbia  
22 July 1981

THE UNIVERSITY OF BRITISH COLUMBIA HEALTH SCIENCES CENTREACUTE, PSYCHIATRIC AND EXTENDED CARE UNITSBALANCE SHEETAS AT 31 MARCH 1981

<u>Assets</u>	<u>1981</u>	<u>1980</u>
Accounts Receivable - B.C. Hospital Programs (Note 1a)	\$ 3,647,469	\$ 2,623,049
- Other	492,074	133,751
Due from British Columbia Hospital Programs		
- Capital Grant	37,200	—
- Student Bursaries	94,402	161,420
Due from Greater Vancouver Regional Hospital District	13,741	20,476
Advances to The University of British Columbia	—	197,250
Inventories (Note 1b)	494,355	82,009
Prepaid Expenses	12,461	—
Pre-Opening Expense - Acute Care Unit (Note 4)	—	155,306
	<u>\$ 4,791,702</u>	<u>\$ 3,373,261</u>

Liabilities and Surplus (Deficit)Liabilities

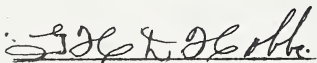
Accounts Payable	\$ 355,067	\$ —
Due to The University of British Columbia	1,450,949	105,636
Advances from B.C. Hospital Programs (Note 1a)	7,572,413	2,677,936
Plant Fund (Notes 2 and 1d)	100,172	149,605
Patients' Trust Funds (Note 1e)	32,246	33,710
Other Funds	22,643	—
	<u>9,533,490</u>	<u>2,966,887</u>

Surplus (Deficit)

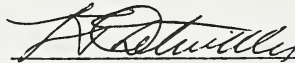
Unappropriated (Exhibit B) (Note 5)	(4,947,088)	201,074
Appropriated (Note 3)	205,300	205,300
	<u>(4,741,788)</u>	<u>406,374</u>
	<u>\$ 4,791,702</u>	<u>\$ 3,373,261</u>

The five accompanying notes are an integral part of these financial statements.

Approved by the Management Committee of The Health Sciences Centre Hospital:



C.H.D. Hobbs  
Chairman

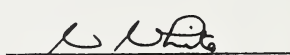


L.F. Detwiler  
Secretary

Approved by the Board of Governors of The University of British Columbia:



Dr. Leslie R. Peterson, Q.C.  
Chairman



W. White  
Secretary

Exhibit B

THE UNIVERSITY OF BRITISH COLUMBIA HEALTH SCIENCES CENTRE  
ACUTE, PSYCHIATRIC AND EXTENDED CARE UNITS  
STATEMENT OF UNAPPROPRIATED SURPLUS  
FOR THE YEAR ENDED 31 MARCH 1981

	<u>1981</u>	<u>1980</u>
Balance at beginning of year	\$ 201,074	\$ 141,264
Add: B.C. Hospital Program adjustment	40,600	36,164
Less: Retroactive salary adjustment	(120,184)	
	<u>121,490</u>	<u>177,428</u>
Excess (deficiency) of revenue over expenditure (Exhibit C)	(5,068,578)	23,646
Balance at end of year (Exhibit A)	<u><u>\$(4,947,088)</u></u>	<u><u>\$ 201,074</u></u>

## Exhibit C

THE UNIVERSITY OF BRITISH COLUMBIA HEALTH SCIENCES CENTRE  
ACUTE, PSYCHIATRIC AND EXTENDED CARE UNITS  
STATEMENT OF REVENUE AND EXPENDITURES  
FOR THE YEAR ENDED 31 MARCH 1981

	1981 Acute Care (Note 4)	1981 Psychiatric & Extended Care	1981 Total	1980 Psychiatric & Extended Care
<b>Revenue</b>				
In-Patient Services				
B.C. Hospital Programs - adjustment	\$ 1,833,979	\$ 9,886,198	\$ 11,720,177	\$ 8,747,151
	<u>1,833,979</u>	<u>9,886,198</u>	<u>11,720,177</u>	<u>40,211</u>
Services - Daycare				8,787,362
- Out-patient	—	359,352	359,352	333,300
Recoveries - Dietary	26,731	102,028	128,759	89,879
- Printing	153,423	170,383	323,806	178,296
- Out-patient drugs	—	45,485	45,485	16,364
- Electroencephalograph	516	4,051	4,567	4,084
- Laboratory	—	31,230	31,230	28,835
- Dietetic counselling	105,895	6,420	112,315	4,786
Room differential	7,128	176	7,304	460
Miscellaneous	16,764	61,203	77,967	59,483
Other services	3,756	4,344	8,102	29,118
	<u>125,000</u>	<u>—</u>	<u>125,000</u>	<u>—</u>
	<u>2,273,194</u>	<u>10,670,870</u>	<u>12,944,064</u>	<u>9,531,967</u>
<b>Expenditure</b>				
Acute Care Unit (Schedule 1)	6,317,477	—	6,317,477	—
Psychiatric Unit (Schedule 2)	—	4,458,971	4,458,971	3,820,744
Extended Care Unit (Schedule 3)	—	6,799,828	6,799,828	5,663,784
Deduct: Academic space costs recovered	(253,210)	—	(253,210)	—
	<u>6,064,267</u>	<u>11,258,799</u>	<u>17,323,066</u>	<u>9,484,528</u>
Appropriation to Plant Fund (Note 2)	6,706	24,481	31,187	23,793
	<u>6,070,973</u>	<u>11,283,280</u>	<u>17,354,253</u>	<u>9,508,321</u>
Pre-opening expenses (Note 4)	658,389	—	658,389	—
	<u>6,729,362</u>	<u>11,283,280</u>	<u>18,012,642</u>	<u>9,508,321</u>
Excess (Deficiency) of Revenue Over Expenditure (Exhibit B)	\$ (4,456,168)	\$ (612,410)	\$ (5,068,578)	\$ 23,646

Schedule 1THE UNIVERSITY OF BRITISH COLUMBIA HEALTH SCIENCES CENTREACUTE CARE UNITSCHEDULE OF EXPENDITUREFOR THE YEAR ENDED 31 MARCH 1981FOR THE SEVEN MONTH PERIOD  
1 SEPTEMBER 1980 TO 31 MARCH 1981

Nursing Administration	\$ 185,678
Nursing	1,016,510
Clinical Investigation & Department of Medicine	49,426
Operating Room	241,491
Post Anaesthetics Recovery	35,051
Operation Room Daycare	5,682
Emergency	235,580
Anaesthetics	93,801
Intravenous Therapy	1,391
Diabetic Daycare	13,829
Laboratory & Endoscopy	717,920
Ophthalmology	8,135
Dentistry	19,853
Electroencephalography & Electrocardiography	47,845
Nuclear Medicine	92,872
Pharmacy	192,179
Radiology & Ultrasound	406,041
Respiratory, Physical, Speech, Occupational Therapy	178,914
Social Service & Psychology	12,997
Biomedical Engineering	28,822
House Staff	71,911
Administration	1,124,065
Central Supply	86,204
Printing	17,930
Medical Records	61,149
Dietary & Dietary Counselling	496,825
Cafeteria	61,668
Housekeeping	294,141
Laundry	37,912
Plant Operation	201,686
Security	33,787
Plant Maintenance	220,366
Volunteer Services	4,528
Bad Debts	21,288
Total Expenditure (Exhibit C)	<u>\$ 6,317,477</u>

Schedule 2THE UNIVERSITY OF BRITISH COLUMBIA HEALTH SCIENCES CENTREPSYCHIATRIC UNITSCHEDULE OF EXPENDITUREFOR THE YEAR ENDED 31 MARCH 1981

	<u>1981</u>	<u>1980</u>
Nursing Administration	\$ 218,493	\$ 172,680
Nursing Units	1,613,825	1,323,741
Emergency and Day Care	12,066	—
Child & Family Out-Patient	16,193	15,319
Day House	112,995	103,355
Laboratory	44,110	69,205
Electroencephalography	82,030	55,609
Pharmacy	46,350	41,248
Out-Patient Drugs	2,588	2,132
Radiology	1,955	4,038
Occupational Therapy	138,829	116,174
Social Service	158,632	151,595
Psychology Service	168,935	142,719
House Staff	346,726	237,960
Administration	490,648	521,312
Printing	50,800	27,435
Medical Records	127,785	98,247
Dietary Service	201,265	183,115
Laundry	4,357	6,480
Linen Service	2,376	4,752
Housekeeping	320,447	281,829
Plant Operation	148,126	126,469
Hospital Security	4,956	4,956
Plant Maintenance	86,580	65,608
Volunteer Services	3,384	3,002
Office of Medical Director	18,613	15,351
Bad Debts	35,907	46,413
	<u>\$ 4,458,971</u>	<u>\$ 3,820,744</u>
Total Expenditure (Exhibit C)		

Schedule 3THE UNIVERSITY OF BRITISH COLUMBIA HEALTH SCIENCES CENTREEXTENDED CARE UNITSCHEDULE OF EXPENDITUREFOR THE YEAR ENDED 31 MARCH 1981

	<u>1981</u>	<u>1980</u>
Nursing Units	\$ 3,327,205	\$ 2,648,351
Laboratory	14,443	13,833
Pharmacy	56,055	57,594
Radiology	722	2,669
Occupational Therapy & Rehabilitation	345,387	296,310
Social Service	58,022	49,869
Administration	633,297	537,919
Medical Records	34,837	33,284
Dietary Services	1,019,469	873,077
Laundry	345,805	253,990
Linen	13,618	35,837
Housekeeping	565,439	486,412
Plant Operations	195,237	191,032
Hospital Security	3,600	3,600
Plant Maintenance	124,089	114,206
Volunteer Services	18,054	16,426
Dentistry Program	32,049	44,595
Psychology Services	<u>12,500</u>	<u>4,780</u>
Total Expenditure (Exhibit C)	<u>\$ 6,799,828</u>	<u>\$ 5,663,784</u>



THE UNIVERSITY OF BRITISH COLUMBIA HEALTH SCIENCES CENTREACUTE, PSYCHIATRIC AND EXTENDED CARE UNITSNOTES TO FINANCIAL STATEMENTS31 MARCH 1981

## NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

- (a) Accounts receivable - B.C. Hospital Programs includes per diem charges incurred by patients who have not yet been discharged. The B.C. Hospital Program advances are made on a per diem basis and are credited to the accounts receivable when the patients accounts are approved for payment by the B.C. Hospital Programs.
- (b) Inventories consist of food, drugs and supplies and are stated at the lower of cost or net realizable value.
- (c) Land, buildings and equipment used by the Health Sciences Centre are owned by The University of British Columbia and no rent is charged by the University for their use. Expenditures of the Health Sciences Centre on equipment additions are charged to expenditures in the year incurred.
- (d) Plant fund consists of grants received from B.C. Hospital Programs and appropriations from general operating funds for the purpose of acquiring certain capital assets and making capital renovations.
- (e) Patients' trust funds consist of certain private funds held in trust for patients, and other funds to be used for patient activities.
- (f) Vacation pay and sick leave credits are expensed when paid, no accrual provisions are made at the year end.

## NOTE 2. PLANT FUND

The balance in the plant fund is comprised of the following:

	<u>1981</u>	<u>1980</u>
Balance at beginning of year	\$ 149,605	\$ 106,404
Add: Grant from B.C. Hospital Programs	29,237	29,239
Appropriation from:		
Room differential revenue	31,187	23,793
Non Canadian surcharge	<u>167</u>	<u>2,079</u>
	<u>210,196</u>	<u>161,515</u>
Less: B.C. Hospital Programs adjustments to operating grants of prior years	—	9,583
Capital expenditures	<u>110,024</u>	<u>2,327</u>
	<u>110,024</u>	<u>11,910</u>
Balance at end of year (Exhibit A)	<u>\$ 100,172</u>	<u>\$ 149,605</u>

## NOTE 3. GREATER VANCOUVER REGIONAL HOSPITAL DISTRICT - WORKING CAPITAL GRANT

In 1978 the University of British Columbia Health Sciences Centre - Extended Care Unit received a working capital grant from the Greater Vancouver Regional Hospital District amounting to \$205,300. This grant has been appropriated for further capital development and plant fund purposes. The Management Committee has not approved the use of the funds for any specific purpose.

THE UNIVERSITY OF BRITISH COLUMBIA HEALTH SCIENCES CENTREACUTE, PSYCHIATRIC AND EXTENDED CARE UNITSNOTES TO FINANCIAL STATEMENTS31 MARCH 1981

## NOTE 4. PRE-OPENING EXPENSES - ACUTE CARE UNIT

The acute care unit was opened on 1 September 1980. An amount of \$1,150,628 has been expended to August 31, 1980 and recorded as Pre-opening expenses in these financial statements. A special grant of \$492,239 has been received from B.C. Hospital Programs. The balance of \$658,389 remaining on the books as part of the overall deficit is expected to be recovered from B.C. Hospital Programs to cover the remaining pre-opening costs.

## NOTE 5. BUDGET ADJUSTMENTS

The results of operations for the year ended 31 March 1981 are subject to a final budget adjustment by B.C. Hospital Programs. Negotiations are underway with the Provincial Government to obtain an interim year-end adjustment to cover the deficit remaining at March 31, 1981. A significant portion of the deficit is attributed to inadequate budget adjustments by Hospital Programs for negotiated labour settlements.

UNIVERSITIES COUNCIL

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**Morgan &  
Company**

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**Chartered Accountants**

1210 - 675 West Hastings Street  
Vancouver, B.C. V6B 1N2  
Telephone (604) 687-5841

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AUDITORS' REPORT

The Members

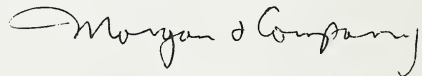
Universities Council

We have examined the statement of financial position of the Universities Council as at March 31st, 1981 and the statement of revenue and expenditure for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Council as at March 31, 1981 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, Canada

June 5, 1981



Chartered Accountants

UNIVERSITIES COUNCIL  
STATEMENT OF FINANCIAL POSITION  
MARCH 31, 1981

	<u>1981</u>	<u>1980</u>
ASSETS		
Cash	\$ 7,120	\$ 30,289
Cash held for external organizations and others (note 3)	17,133	53,029
Short term deposits	175,000	200,000
Account receivable	5,000	4,048
Accrued interest receivable	1,450	-
Furniture and equipment (note 1)	-	-
	<u>\$ 205,703</u>	<u>\$ 287,366</u>

LIABILITIES		
Accounts payable	\$ <u>22,338</u>	\$ <u>16,352</u>
Unexpended funds held for external organizations and others (note 3)	<u>17,133</u>	<u>53,029</u>

UNEXPENDED OPERATING FUNDS		
Balance, beginning of year	217,985	100,105
Excess (deficiency) of revenue over expenditure	<u>(51,753)</u>	<u>117,880</u>
Balance, end of year	<u>166,232</u>	<u>217,985</u>
	<u>\$ 205,703</u>	<u>\$ 287,366</u>

Approved on behalf of the Universities Council

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Vice-Chairman

UNIVERSITIES COUNCIL  
STATEMENT OF REVENUE AND EXPENDITURE  
FOR THE YEAR ENDED MARCH 31, 1981

	<u>1981</u>	<u>1980</u>
REVENUE		
Grant - Province of British Columbia	\$ 560,000	\$ 523,693
Administrative fees to external organizations	8,067	4,048
Interest earned	<u>35,513</u>	<u>21,225</u>
	\$ <u>603,580</u>	\$ <u>548,966</u>
EXPENDITURE		
Members' per diem payments	83,250	73,653
Employees' remuneration	216,749	182,494
Employee benefits	23,240	21,514
Fees - independent consultants	100,390	10,881
Grants, subsidies and fellowship award to other organizations	32,500	5,000
Travel expenses	42,516	30,251
Meeting and conference expenses	23,513	11,449
Office rent	61,813	62,027
Office equipment leases	8,625	6,601
Office furniture and equipment purchases (Note 1)	218	1,872
Printing, stationery and office supplies	10,988	8,840
Telephone, long distance and equipment rental	9,929	8,009
Postage and courier service	8,899	3,247
Library and subscriptions	8,482	3,445
Staff recruitment and relocation	20,212	-
Other	<u>4,009</u>	<u>1,803</u>
	<u>655,333</u>	<u>431,086</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	<u>\$ (51,753)</u>	<u>\$ 117,880</u>

UNIVERSITIES COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 1981

1. ACCOUNTING POLICY

Office furniture and equipment purchases are charged to expenditures when purchased. The cumulative cost of office furniture and equipment charged to expenditures amounts to \$ 3,177 (1980 \$ 2,959).

2. EXCESS OF REVENUE OVER EXPENDITURE

The Universities Council is an agent of the Crown in right of the Province of British Columbia. As such no income taxes are payable on any excess of revenue over expenditure.

3. FUNDS HELD FOR EXTERNAL ORGANIZATIONS AND OTHERS

The Universities Council acts as recipient and disbursing agent of grant funding provided by the Ministry of Universities, Science and Communications for certain external organizations and for designated projects or activities.

## UNIVERSITY OF VICTORIA



Province of  
British Columbia

Office of the  
Auditor General  
Province of British Columbia

8 Baskin Square  
Victoria  
British Columbia  
V8V 1X4

## AUDITOR'S REPORT

To the Chairman and Members of the Board of Governors of the  
University of Victoria, and

To the Minister of Universities, Science and Communications  
Province of British Columbia:

I have examined the balance sheet of the University of  
Victoria as at 31 March 1981 and the statements of changes  
in fund balances, ancillary enterprise operations,  
appropriated general purpose fund balance and changes in  
investment in land, buildings and equipment for the year  
then ended. My examination was made in accordance with  
generally accepted auditing standards, and accordingly  
included such tests and other procedures as I considered  
necessary in the circumstances.

In my opinion, these financial statements present fairly the  
financial position of the University as at 31 March 1981 and  
the results of its operations and the changes in its fund  
balances for the year then ended in accordance with  
accounting principles generally accepted for universities  
applied on a basis consistent with that of the preceding  
year.

A handwritten signature in cursive script, reading "Erma Morrison".

Erma Morrison, C.A.  
Auditor General

Victoria, British Columbia  
3 July 1981

EXHIBIT A

UNIVERSITY OF VICTORIA  
BALANCE SHEET  
AS AT MARCH 31, 1981

ASSETS		LIABILITIES AND FUND BALANCES	
	1981	1981	1980
<b>OPERATING FUNDS</b>			
Cash and short-term investments	\$ 9,149,968	\$ 3,760,938	\$ 2,699,395
Accounts receivable (Note 2)	1,207,109	281,728	206,559
Inventories	954,487		
Investments at cost	355,596	1,841,161	1,319,696
(market \$354,756 - 1980 \$312,930)		3,185,968	3,151,183
		2,019,342	3,799,981
	<u>\$11,667,160</u>	<u>\$11,667,160</u>	<u>\$11,801,744</u>
<b>ENDOWMENT AND STUDENT LOAN FUNDS</b>			
Cash and short-term investments	\$ 11,662	\$ 5,000	\$ 5,000
Accounts receivable	327,000	602,065	602,065
Student loans receivable	35,826	42,488	25,548
Investments at cost	275,065		
(market \$242,465 - 1980 \$248,401)			
	<u>\$ 649,553</u>	<u>\$ 649,553</u>	<u>\$ 632,613</u>
<b>CAPITAL FUND</b>			
Cash and short-term investments	\$ 3,308,455	\$ 1,535,443	\$ 1,360,766
Accounts receivable (Note 2)	690,063	5,388,095	4,569,099
Land, buildings and equipment	72,872,304	18,927,528	13,546,332
		47,720,756	46,446,405
		3,299,000	2,701,856
	<u>\$76,870,822</u>	<u>\$76,870,822</u>	<u>\$67,924,438</u>

Commitments (Note B)

The nine accompanying notes are an integral part of these financial statements.

Approved by the Board of Governors

*H.R. Stephen*  
H.R. Stephen,  
Chairman of the Board of Governors

*R.W. McQueen*  
R.W. McQueen, C.A.,  
Vice-President, Finance



EXHIBIT 8

UNIVERSITY OF VICTORIA  
STATEMENT OF CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED MARCH 31, 1981

	UNAPPORTIONED GENERAL FUND OPERATING	SPECIFIC GENERAL FUND OPERATING	ENDOWMENT FUND	STUDENT GENERAL FUND	CAPITAL FUND	TOTAL FUNDS	1980
REVENUE							
Grants - Province of B.C.	\$41,970,156	\$ 2,048,548	\$ -	\$ -	\$ 2,831,761	\$46,850,465	\$42,011,455
Grants - Government of Canada	-	3,483,338	-	-	-	3,483,338	2,646,082
Other government grants	-	63,045	-	-	-	63,045	133,739
Student fees - credit courses	4,340,728	15,546	-	-	-	4,356,274	3,584,470
Student fees - other	50,692	19,243	-	-	-	69,935	694,087
Gifts and non-government grants	-	644,171	-	1,640	-	645,811	793,087
Investment income	1,155,331	165,229	-	-	432,653	1,753,213	1,261,448
Ancillary enterprises net revenue (Exhibit C)	-	-	-	-	-	-	-
Other revenue	9,920	3,302	-	300	-	13,522	48,487
Amortization of capital borrowings (Exhibit E)	-	-	-	-	6,760,329	6,760,329	5,828,751
B.C. Capital Financing Authority	-	-	-	-	421,669	421,669	402,000
Sale of property (Note 6)	-	-	-	-	-	-	-
	47,985,827	6,585,224	-	1,940	10,446,412	65,019,403	57,773,592
EXPENDITURE							
Academic	31,559,032	3,327,145	-	-	-	34,886,177	29,255,946
Library	4,942,701	239,489	-	-	-	5,181,190	4,950,446
Continued research	-	3,146,869	-	-	-	3,146,869	3,146,869
Student services	1,095,659	562,302	-	-	-	1,657,961	1,079,502
Student awards	896,192	80,362	-	-	-	976,554	804,596
Plant maintenance	4,970,520	7,097	-	-	-	4,977,617	4,236,284
Administration and general	4,515,211	3,659	-	-	-	4,518,870	4,052,028
Land, buildings and equipment	-	-	-	-	7,942,873	7,942,873	6,068,298
Interest on capital borrowings	-	-	-	-	1,957,420	1,957,420	1,222,510
	47,979,315	7,765,863	-	-	9,900,293	65,645,471	54,489,989
APPROPRIATIONS AND TRANSFERS							
Inter-fund transfers	(66,045)	-	-	15,000	51,045	-	-
Transfers from (to) appropriated fund balance (Exhibit D)	2,369,132	-	-	-	-	2,369,132	2,302,051
	(1,789,134)	-	-	-	-	(1,789,134)	(2,190,032)
	514,953	-	-	15,000	51,045	580,998	112,049
	521,465	(1,180,639)	-	16,940	597,164	(45,070)	3,395,642
	1,319,696	3,799,981	602,065	25,548	2,701,836	8,449,126	5,053,484
	\$ 1,841,161	\$ 2,819,342	\$ 602,065	\$ 42,468	\$ 3,299,000	\$ 8,404,056	\$ 8,449,126
INCREASE (DECREASE) IN FUND BALANCES							
FUND BALANCES AT BEGINNING OF YEAR							
FUND BALANCES AT END OF YEAR (EXHIBIT A)							

EXHIBIT C

UNIVERSITY OF VICTORIA  
STATEMENT OF ANCILLARY ENTERPRISE OPERATIONS  
FOR THE YEAR ENDED MARCH 31, 1981

	BOOKSTORE AND CAMPUS SHOP		FOOD SERVICES		RESIDENCES		RENTAL PROPERTIES		TOTAL OPERATIONS	
	1981	1980	1981	1980	1981	1980	1981	1980	1981	1980
REVENUE										
Sales	\$2,039,870	\$1,770,597	\$1,284,397	\$1,072,396	\$ -	\$ -	\$ -	\$ -	\$3,324,267	\$2,842,963
Rentals and meal passes	7,597	6,524	1,117,670	946,013	1,206,998	1,047,753	26,297	12,374	2,358,562	2,014,664
	2,047,467	1,777,121	2,402,067	2,020,390	1,206,998	1,047,753	26,297	12,374	5,682,829	4,857,627
EXPENDITURE										
Cost of goods sold	1,500,494	1,336,703	1,002,984	852,165	-	-	-	-	2,503,478	2,188,868
Salaries and wages	312,372	284,646	834,692	694,094	314,851	276,657	3,000	3,000	1,464,915	1,258,397
Employee benefits	21,359	15,056	40,451	26,250	21,614	18,124	347	345	83,971	61,775
Utilities and maintenance	23,197	20,819	207,770	184,721	305,394	262,803	5,803	1,139	542,164	466,462
Insurance interest	66,448	42,356	126,641	99,477	529,008	316,526	-	-	325,908	316,526
Other	50,347	4,800	78,022	19,370	109,854	34,379	15,498	6,695	320,197	236,779
Major repairs, renovations and equipment purchases	1,976,217	1,704,380	2,292,560	1,876,077	1,189,431	996,740	40,710	11,179	5,498,918	4,590,376
	71,250	72,741	109,507	142,322	17,967	51,013	(14,413)	1,195	183,911	267,271
	-	-	-	-	(15,036)	(12,987)	-	-	(15,036)	(12,987)
	56,806	9,965	84,287	-	109,968	36,739	16,062	-	269,023	46,704
	(130,056)	(82,706)	(192,794)	(142,322)	(112,399)	(74,765)	(1,649)	(1,195)	(437,898)	(300,988)
NET REVENUE AFTER TRANSFERS (Exhibit E)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

## EXCESS OF REVENUE

## OVER EXPENDITURE

Repayment of borrowings for student residences construction (Exhibit E)  
Transfers from (to) appropriated fund balance for renovations and equipment purchases (Exhibit D)

NET REVENUE AFTER TRANSFERS (Exhibit E)

## EXHIBIT D

UNIVERSITY OF VICTORIA  
STATEMENT OF APPROPRIATED GENERAL PURPOSE FUND BALANCE  
FOR THE YEAR ENDED MARCH 31, 1981

	APPROPRIATED FUND BALANCE MARCH 31, 1980	DEDUCTIONS DURING YEAR ENCLOSURE ENTERPRISES (Exhibit C)		ADDITIONS DURING YEAR ENCLOSURE ENTERPRISES (Exhibit C)		APPROPRIATED FUND BALANCE MARCH 31, 1981 (Note 3)	
		GENERAL PURPOSE FUNDS (Exhibit B)		GENERAL PURPOSE FUNDS (Exhibit B)		GENERAL PURPOSE FUNDS (Exhibit B)	
Appropriated for renovations and equipment purchases:							
Bookstore and Campus Shop	\$ 143,212	\$ 58,806	\$ -	\$ 130,056	\$ -	\$ 214,462	
Food Services	292,303	84,287	-	193,794	-	401,810	
Residences	172,117	109,868	-	112,399	-	174,648	
Rental properties	55,395	16,062	-	1,649	-	40,862	
Student Union	6,524	-	-	-	-	10,065	
Media and Technical Services	50,704	-	238	-	-	12,331	
Computing Services	620,000	-	16,220	-	-	121,086	
Vehicle operations	13,452	-	620,000	-	-	5,495	
Parking Services	-	-	7,957	-	-	12,941	
Appropriated for committed annualisation costs of salaries, wages and benefits	598,000	-	598,000	-	-	1,040,000	
Appropriated from budgetary savings for non-recurring expenditures	1,522,426	-	1,120,737	-	-	1,040,225	
Appropriated for uninsured property losses	100,000	-	-	-	-	100,000	
	<u>\$ 3,576,113</u>	<u>\$ 269,023</u>	<u>\$ 2,369,132</u>	<u>\$ 437,898</u>	<u>\$ 1,788,134</u>	<u>\$ 3,163,690</u>	

## EXHIBIT E

UNIVERSITY OF VICTORIA  
STATEMENT OF CHANGES IN INVESTMENT IN LAND, BUILDINGS AND EQUIPMENT  
FOR THE YEAR ENDED MARCH 31, 1981

	1981	1980
INCREASES		
Site, buildings and equipment expenditures capitalised	\$ 7,942,873	\$ 5,925,984
Less - expenditures financed from authorised capital borrowings (Exhibit B)	6,760,329	5,828,751
Expenditures financed from capital funds	1,182,544	97,243
Repayment of authorised capital borrowings from:		
Provincial government grants for sinking fund payments	233,053	168,063
Interest earnings on sinking fund	43,719	(35,693)
Ancillary enterprise operations (Exhibit C)	15,036	12,987
	1,474,352	242,600
DECREASES		
Disposal of property (Note 6)	1	3,576
INCREASE DURING YEAR	1,474,351	239,024
BALANCE AT BEGINNING OF YEAR	46,246,405	46,007,381
BALANCE AT END OF YEAR (Exhibit A)	\$47,720,756	\$46,246,405

UNIVERSITY OF VICTORIA  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 1981

1. Significant accounting policies:

- (a) These financial statements have been prepared in accordance with accounting principles generally accepted for universities. The application of these principles has resulted in the following differences from the accounts of profit-oriented enterprises:
  - no provision is made for depreciation of buildings and equipment;
  - no accrual of vacation pay is recorded for salaried employees.
- (b) The University employee fund accounting procedures in order to recognise restrictions imposed on the use of resources. Under these procedures resources are classified into funds in accordance with objectives specified by the donors and granting agencies or determined by the Board of Governors. The fund divisions are described below:
  - the General Purpose Operating Fund consists of revenues which the Board of Governors administers at its discretion;
  - the Specific Purpose Operating Fund consists of amounts to be used for projects designated by donors and granting agencies, and includes income earned on the Endowment Fund;
  - the Endowment Fund consists of amounts received with the stipulation that the principal be held invested, with only the income earned to be expended;
  - the Student Loan Fund consists of amounts held for the purpose of making loans to students;
  - the Capital Fund consists of amounts received for the purpose of acquiring land, buildings and equipment and for expenditures on major renovations and alterations.
- (c) Inventories of supplies are recorded at cost. Inventories of merchandise held for resale are stated at the lower of cost and net realizable value.
- (d) Ancillary enterprises comprise operations which are expected to function on a self-supporting basis and are charged with most overhead costs including payments of principal and interest on long-term debt.
- (e) Acquisitions of land, buildings and equipment are recorded as expenditures from the appropriate fund during the period in which they occurred. Acquisitions of land, new facilities and their original equipment made from the Capital Fund are also recorded as assets, at cost, on the balance sheet.
- (f) Certain capital expenditures are undertaken under borrowing authority granted by the Province of British Columbia. Therefore, when such capital expenditures are made, amounts equal to those expenditures are recorded as capital borrowing revenue in the Capital Fund. The borrowings will ultimately take the form of long-term debentures issued to the B.C. Educational Institutions Capital Financing Authority (see Note 3(c)).

2. Accounts receivable:

These include the following amounts due from the Province of British Columbia:

Operating Funds	\$177,886
Capital Fund	\$334,044

3. General Purpose Operating Fund - Appropriated:

From time to time provisions for future major or specific project expenditures are set aside by appropriating a portion of the General Purpose Operating Fund balance or a portion of ancillary enterprises net revenue. When such expenditures are charged against operations, the appropriations previously set aside are released. Particulars of this account are shown on Exhibit D.

## 4. Bank loans - Capital Fund:

The following demand loans are held from the Bank of Montreal at prime interest rate. With the exception of the loan for the Student Union Building expansion, which is to be repaid from Aime Mater Society fees authorised by the Board of Governors for that purpose, these loans will be replaced by long-term borrowings in the form of debentures issued by the University to the B.C. Educational Institutions Capital Financing Authority.

Authority and project		Amount outstanding
Order-in-Council 1339, April 10, 1975, Student Union Building expansion (annual repayments approximately \$87,000 including interest)		\$ 86,151
Educational Institution Capital Finance Act:		
Clarivue Fourth Wing		195,502
Law Building		1,739,129
Building renovations		989
Academic Theatre		1,767,887
Major renovations & public works - 1979/80		1,550,163
Major renovations & public works - 1980/81		748,104
		<u>\$5,388,095</u>
5. Long-term debt - Capital Fund:		
(a) Canada Mortgage and Housing Corporation		\$ 4,207,667
B.C. Educational Institutions Capital Financing Authority	\$15,229,000	Note 5(b)
Less - sinking fund	<u>509,139</u>	Note 5(c)
		<u>\$14,719,861</u>
		<u>\$16,927,526</u>

(b) The following debentures issued to the Canada Mortgage and Housing Corporation are secured by a floating charge and mortgage on the student residences and Commons Building and the lands upon which they are situated. These debentures will be repaid from funds generated by ancillary enterprise operations.

	Maturity	Rate	Amount outstanding	Annual payments including interest
Order-in-Council 3287, December 17, 1963	January 1, 2015	5.12%	\$ 526,327	\$ 32,894
Order-in-Council 2725, September 16, 1966	February 3, 2020	5.875%	1,065,154	69,690
Order-in-Council 3605, November 23, 1977	January 1, 2030	9.500%	<u>2,616,186</u>	<u>231,325</u>
			<u>\$ 4,207,667</u>	<u>\$ 353,929</u>

(c) Long-term debt is incurred under the authority of the Educational Institution Capital Finance Act. Grants will be received from the Province of British Columbia to finance interest payments and the required principal payments to a sinking fund. The sinking fund is held by the B.C. Educational Institutions Capital Financing Authority and will be used to retire the debt principal at maturity.

Maturity	Rate	Principal Amount	Sinking fund	Net	Annual payments including interest
June 9, 1998	9.41%	\$ 2,000,000	\$ 170,261	\$ 1,829,739	\$ 236,980
January 9, 1999	9.82%	1,757,000	100,095	1,656,905	215,386
March 9, 1999	10.16%	1,894,000	97,462	1,796,538	231,031
April 10, 1999	10.26%	1,300,000	70,168	1,229,832	165,087
October 10, 1999	10.49%	1,025,000	27,366	997,634	132,489
November 9, 1999	10.66%	298,000	7,958	290,042	39,094
December 10, 1999	11.50%	1,342,000	35,829	1,306,171	187,016
April 10, 2000	13.39%	2,000,000	-	2,000,000	316,620
July 10, 2000	11.82%	715,000	-	715,000	101,969
September 10, 2000	12.55%	1,600,000	-	1,600,000	269,765
March 10, 2000	13.13%	158,000	-	158,000	24,599
November 10, 2000	13.09%	1,000,000	-	1,000,000	155,295
		<u>\$15,229,000</u>	<u>\$ 509,139</u>	<u>\$14,719,861</u>	<u>\$ 2,075,351</u>

6. The remaining portion of the former Lansdowne Campus property was sold during the year and the sale proceeds of \$421,669 added to the Capital Fund. The property had been carried in the Capital Fund at nominal value since its acquisition.
7. These statements do not include endowment funds held by the University of Victoria Foundation, a separately incorporated body.
8. Commitments under building contracts of \$4,796,546 as at March 31, 1981 are to be financed from the Capital Fund (1980 - \$1,992,941).
9. Certain 1980 comparative figures on Exhibit B have been re-arranged to conform with the financial statement presentation adopted in 1981, with no resulting effect on fund balances.

## SCHEDULE 1

UNIVERSITY OF VICTORIA  
 SCHEDULE OF EXPENDITURES BY FUND AND OBJECT  
 FOR THE YEAR ENDED MARCH 31, 1981

	GENERAL PURPOSE OPERATING	SPECIFIC PURPOSE OPERATING	CAPITAL FUND	TOTAL FUNDS ALL	1980
Salaries and wages	\$19,730,953	\$ 1,411,333	\$ -	\$21,142,286	\$17,589,360
Faculty	13,720,944	2,181,969	-	15,902,913	13,525,353
Instruction and research	2,053,944	289,672	-	2,343,616	12,941,355
Administrative and other	13,114,363	182,215	-	13,296,578	3,173,715
Employee benefits	3,613,698	530,402	-	4,144,100	1,681,160
Travel, moving and entertainment	1,378,371	130,174	-	1,508,545	1,366,370
Books and periodicals	1,461,314	2,037,415	-	3,498,729	2,843,296
Operational supplies and expenses	3,064,415	627,612	1,060,918	4,752,945	1,459,353
Depreciation and amortization	1,832,455	15,815	-	1,848,270	1,459,353
Furniture and equipment - rental	837,294	-	-	837,294	906,349
Utilities	1,086,266	-	-	1,086,266	995,427
Renovations and alterations	197,610	3,157	1,065,361	1,266,148	668,634
Scholarships and bursaries	896,192	106,043	-	1,002,235	804,598
Externally contracted services	396,135	97,435	-	493,570	386,817
Insurance	13,745	5,435	-	19,180	18,354
Insurance	49,701	734	-	50,435	58,105
Membership fees	56,780	1,113	-	57,893	50,571
Interest on capital borrowings	-	-	1,957,420	1,957,420	1,222,510
Buildings	-	-	4,693,065	4,693,065	4,536,940
Land and site development	-	260,055	1,133,519	1,393,574	741,916
Investments	(360,055)	-	-	(360,055)	-
External cost recoveries	(1,812,678)	(61,465)	-	(1,874,143)	-
	\$47,979,315	\$ 7,765,863	\$ 9,900,293	\$65,645,471	\$54,489,999



## SCHEDULE 2

UNIVERSITY OF VICTORIA  
SCHEDULE OF GENERAL PURPOSE EXPENDITURES BY FUNCTION AND OBJECT  
FOR THE YEAR ENDED MARCH 31, 1981

	ACADEMIC	LIBRARY	STUDENT SERVICES	STUDENT AID	PLANT MAINTENANCE	ADMINISTRATION & GENERAL	TOTAL	1980
Salaries and wages								
Faculty	\$19,730,953	\$ -	\$ -	\$ -	\$ -	\$ -	\$19,730,953	\$16,940,730
Other instruction and research	2,053,944	-	-	-	-	-	2,053,944	1,863,400
Administrative and other	2,605,541	2,788,979	954,014	-	3,081,382	3,514,447	13,114,363	12,175,626
Employee benefits	1,062,541	234,835	501,185	-	321,835	1,058,855	3,155,366	2,935,152
Entertainment	1,012,541	17,280	167,736	-	-	168,781	1,378,377	1,090,397
Books and periodicals	1,42,494	1,418,870	-	-	1,016	-	1,461,314	1,291,478
Operational supplies and expenses	1,614,302	215,539	179,816	-	486,928	547,830	3,044,415	2,200,030
Furniture and equipment - purchases	1,600,444	31,915	14,632	-	93,901	241,695	1,962,887	1,301,749
- rental	690,716	23,874	31,088	-	2,119	86,497	837,294	893,351
Utilities	96,810	1,136	1,350	-	1,086,266	-	1,089,442	954,427
Repairs and alterations	-	-	-	-	25,194	1,120	1,145	969,253
Scholarships and bursaries	131,386	58,123	5,154	896,192	-	-	896,192	746,094
Externally contracted services	46,576	-	11,360	-	115,783	85,689	396,135	319,573
Professional fees	4,159	-	637	-	41,954	52,535	152,425	89,894
Insurance	11,988	-	5,422	-	38,016	6,899	49,701	57,585
Membership fees	(11,988)	-	33	-	935	38,435	36,780	48,954
Travel	(889,067)	185,686	(33)	-	(65,463)	(3,453)	(729,873)	(1,181,883)
External cost recoveries	-	(22,803)	(404,609)	-	(335,746)	(160,453)	(1,812,678)	(1,278,898)
	\$31,559,032	\$ 4,942,701	\$ 1,095,659	\$ 896,192	\$ 4,970,520	\$ 4,515,211	\$47,979,315	\$41,722,710

EXHIBIT A

UNIVERSITY OF VICTORIA AND UNIVERSITY OF VICTORIA FOUNDATION  
COMBINED BALANCE SHEET  
AS AT MARCH 31, 1981

ASSETS		LIABILITIES AND FUND BALANCES	
	1981		1980
<b>OPERATING FUNDS</b>			
Cash and short-term investments	\$10,336,757	Accounts payable and accrued liabilities	\$ 2,899,395
Accounts receivable	1,268,327	Deferred revenue	206,559
Inventories	954,487	General purpose fund balance	281,728
Investments at cost	395,596	(Exhibit B)	
(market \$354,756 - 1980 \$312,930)		Unappropriated	1,841,161
		Appropriated	3,163,960
		Specific purpose fund balance	3,049,552
		(Exhibit B)	4,082,017
			<u>\$12,915,167</u>
			<u>\$12,694,390</u>
<b>ENDOWMENT AND STUDENT LOAN FUNDS</b>			
Cash and short-term investments	\$ -	Bank indebtedness	\$ 15,877
Accounts receivable	327,000	Loans payable	5,000
Student loans receivable	35,826	Endowment fund balance	6,170,736
Investments at cost	5,871,275	(Exhibit B)	
(market \$5,673,231 - 1980 \$4,863,949)		Student loan fund balance	42,488
		(Exhibit B)	
			<u>\$ 6,234,101</u>
			<u>\$ 5,994,597</u>
<b>CAPITAL FUND</b>			
Cash and short-term investments	\$ 3,308,455	Accounts payable, accrued liabilities and holdbacks	\$ 1,535,443
Accounts receivable	690,063	Bank loans	5,388,095
Land, buildings and equipment	72,872,304	Long-term debt	18,927,528
		Investment in land, buildings and equipment	13,546,332
		Capital fund balance	46,246,405
		(Exhibit B)	
			<u>3,299,000</u>
			<u>2,701,896</u>
			<u>\$76,870,822</u>
			<u>\$67,924,438</u>

These financial statements should be read in conjunction with the notes appended to the financial statements of the University of Victoria.

Approved by the Board of Governors

H.R. Stephen

Chairman of the Board of Governors

R.W. McQueen

Vice-President, Finance

UNIVERSITY OF VICTORIA AND UNIVERSITY OF VICTORIA FOUNDATION  
COMBINED STATEMENT OF CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED MARCH 31, 1981

	UNAPPORTIONED GENERAL PURPOSE OPERATING	SPECIFIC PURPOSE OPERATING	ENDOWMENT FUND	STUDENT LOAN FUND	CAPITAL FUND	TOTAL ALL FUNDS	1980
REVENUE	\$41,970,156	\$ 2,048,548	\$ -	\$ -	\$ 2,831,761	\$46,850,465	\$42,011,455
Grants - Province of B.C.	-	3,483,338	-	-	-	3,483,338	2,646,082
Grants - Government of Canada	-	63,045	-	-	-	63,045	133,739
Other government grants	4,348,728	198,348	-	-	-	4,507,076	3,954,476
Student fees - credit courses	-	14,413	-	-	-	14,413	5,071,523
Student fees - other	501,692	40,911	-	-	-	542,603	507,153
Gifts and non-government grants	-	40,911	-	-	-	40,911	739,933
Investment income	1,195,331	796,988	70,618	1,640	-	2,521,041	1,897,642
Ancillary enterprises net revenue	-	-	136,069	-	432,653	-	-
Other revenue	-	3,302	-	300	-	13,522	48,487
Authorised capital borrowings	9,920	-	-	-	6,760,329	6,760,329	5,628,751
S.C. Capital Financing Authority	-	-	-	-	421,669	421,669	406,000
Sale of property	-	-	-	-	-	-	-
	47,985,827	6,977,725	206,687	1,940	10,446,412	65,618,591	58,316,962
EXPENDITURE							
Academic	31,559,032	3,327,145	-	-	-	34,886,177	29,253,946
Library	4,942,701	238,489	-	-	-	5,181,190	4,590,446
Sponsored research	-	3,546,809	-	-	-	3,546,809	3,185,747
Student services	1,095,669	556,402	-	-	-	1,652,071	1,176,742
Plant maintenance	1,996,132	135,448	-	-	-	2,131,580	1,946,242
Plant maintenance	4,970,520	7,097	-	-	-	4,977,617	4,236,284
Administration and general	4,515,211	3,659	-	-	-	4,518,870	4,045,855
Land, buildings and equipment	-	-	-	-	7,942,873	7,942,873	6,068,298
Interest on capital borrowings	-	-	-	-	1,957,420	1,957,420	1,222,310
	47,979,315	7,820,990	-	-	9,900,293	65,700,598	54,526,974
APPROPRIATIONS AND TRANSFERS							
Inter-fund transfers	(66,045)	-	-	15,000	51,045	-	-
Transfers from (to) appropriated fund balance	2,369,132	-	-	-	-	2,369,132	2,302,051
	(1,780,134)	-	-	-	-	(1,780,134)	(2,130,002)
	514,953	-	-	15,000	51,045	580,998	112,049
INCREASE (DECREASE) IN FUND BALANCES	521,465	(843,265)	206,687	16,940	597,164	498,991	3,901,737
FUND BALANCES AT BEGINNING OF YEAR	1,319,696	4,692,617	5,964,049	25,548	2,701,836	14,703,746	10,802,009
FUND BALANCES AT END OF YEAR (EXHIBIT A)	\$ 1,841,161	\$ 3,849,352	\$ 6,170,736	\$ 42,488	\$ 3,299,000	\$15,202,737	\$14,703,746

## URBAN TRANSIT AUTHORITY

**THORNE  
RIDDELL**

Chartered Accountants



## AUDITORS' REPORT

To the Members of the Board of the  
Urban Transit Authority of British Columbia

We have examined the balance sheet of the Urban Transit Authority of British Columbia as at March 31, 1981 and the statements of operating division revenue and expenditure, asset division revenue and expenditure and retained earnings, contributed surplus and special purpose fund revenue and expenditure and fund balance for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Urban Transit Authority of British Columbia as at March 31, 1981 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Thorne Riddell*

Chartered Accountants

Victoria, Canada  
June 5, 1981

## URBAN TRANSIT AUTHORITY OF BRITISH COLUMBIA

## BALANCE SHEET AS AT MARCH 31, 1981

ASSETS	LIABILITIES AND EQUITY		
	OPERATING DIVISION		
	1981	1980	1980
<b>CURRENT ASSETS</b>			
Cash	\$ 3,752,320	\$ 2,096,596	\$ 1,003,490
Accounts receivable	8,600,442		604,298
Province of British Columbia	10,305,884	1,614,348	1,949,681
Municipalities	102,943	29,581	795,177
Sundry	51,358	956	239,494
Prepaid expenses	22,812,947	3,741,481	61,576
			3,650,726
<b>FIXED ASSETS (note 3)</b>			
	237,638	193,407	284,662
	23,050,585	3,934,886	3,934,886
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities			\$ 1,003,490
Payable to the Province of British Columbia			14,257,020
Payable to contractors			29,430
Deferred revenue			7,475,983
Payable to asset division			22,765,923
			3,650,726
<b>EQUITY</b>			
Contributed surplus			284,662
			23,050,585
<b>ASSET DIVISION</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities			804,847
17.25% Note payable - Province of British Columbia			20,000,000
			20,804,847
<b>EQUITY</b>			
Contributed surplus			97,659,250
Retained earnings			11,385,385
			26,440,723
			26,440,723
			26,466,269
			\$142,900,067
<b>SPECIAL PURPOSE FUND</b>			
<b>CASH</b>	\$ 1,577,553	\$ 2,050,000	\$ 1,577,553
			\$ 2,050,000

Approved by the Board

Subsequent event (note 4)  
Commitments (note 5)


Director

## URBAN TRANSIT AUTHORITY OF BRITISH COLUMBIA

## OPERATING DIVISION

## STATEMENT OF REVENUE AND EXPENDITURE

YEAR ENDED MARCH 31, 1981

	<u>1981</u>	<u>1980</u>
Revenue		
Contributions from the Province of British Columbia		
Transit	\$ 63,304,441	\$ 5,546,575
Research and demonstration projects and special services	163,729	205,262
Contributions from municipalities		
Transit	17,143,236	1,476,141
Research and demonstration projects	49,094	134,882
Transit operations	48,756,905	1,781,748
Interest earned	897,693	7,469
Sundry	9,266	
	<u>130,324,364</u>	<u>9,152,077</u>
Expenditures		
Transit operations		
Operating and maintenance	115,424,755	5,914,813
Vehicle lease fees	4,118,295	558,032
Property lease fees	2,754,255	
Interest and financing charges	2,715,621	
Municipal administration	1,461,786	118,296
Merchandising	878,654	69,334
Other	233,118	20,808
	<u>127,586,484</u>	<u>6,681,283</u>
Administrative		
Salaries and employee benefits	1,495,171	1,087,172
Office operations	421,408	308,851
Professional fees	228,146	351,234
Travel	156,015	83,619
Marketing	93,394	196,883
Personnel	47,466	50,573
Directors' fees and expenses	28,828	21,092
Depreciation	37,181	16,618
Sundry	8,177	14,607
	<u>2,515,786</u>	<u>2,130,649</u>
Research and demonstration projects	127,881	269,765
Special services	94,213	70,380
	<u>222,094</u>	<u>340,145</u>
NET REVENUE	\$ -	\$ -

## URBAN TRANSIT AUTHORITY OF BRITISH COLUMBIA

## ASSET DIVISION

## STATEMENT OF REVENUE AND EXPENDITURE AND RETAINED EARNINGS

YEAR ENDED MARCH 31, 1981

	<u>1981</u>	<u>1980</u>
Revenue		
Vehicle lease fees	\$ 4,122,391	\$ 558,032
Other lease revenue	2,858,178	
Interest earned	370,055	65,495
Financing charges - operating division	2,715,621	
Special services	15,184	20,202
Other	915	5,053
	<u>10,082,344</u>	<u>648,782</u>
Expenditures		
Depreciation	4,433,856	296,106
Interest	2,715,621	
Property lease	526,860	
Vehicle lease	401,676	
Property taxes	773,410	
Vehicle repairs	80,844	47,171
Special services	15,184	20,202
Sundry	9,380	25,431
	<u>8,956,831</u>	<u>388,910</u>
NET REVENUE	<u>1,125,513</u>	<u>259,872</u>
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>259,872</u>	
RETAINED EARNINGS AT END OF YEAR	<u>\$ 1,385,385</u>	<u>\$ 259,872</u>

## URBAN TRANSIT AUTHORITY OF BRITISH COLUMBIA

## STATEMENT OF CONTRIBUTED SURPLUS

YEAR ENDED MARCH 31, 1981

## OPERATING DIVISION

	<u>1981</u>	<u>1980</u>
BALANCE AT BEGINNING OF YEAR	\$ 284,662	\$ 543,114
Transfer to asset division	<u>284,662</u>	<u>280,088</u>
Appraised value of furniture and equipment transferred from the Province of British Columbia	<u></u>	<u>263,026</u>
		<u>21,636</u>
BALANCE AT END OF YEAR	<u>\$ 284,662</u>	<u>\$ 284,662</u>

## ASSET DIVISION

BALANCE AT BEGINNING OF YEAR	\$ 26,180,850	\$ 232,167
Transfer from operating division	<u>26,180,850</u>	<u>280,088</u>
Appraised value of revenue vehicles transferred from the Province of British Columbia	9,080,000	512,255
Appraised value of revenue vehicles transferred from British Columbia Hydro & Power Authority	13,177,900	25,547,958
Appraised value of land, land improvements, buildings and equipment transferred from the Province of British Columbia	14,320,000	
Appraised value of land improvements and buildings transferred from British Columbia Hydro & Power Authority	34,900,500	
Inventories transferred from the Province of British Columbia, at cost		68,694
Grant received from the Province of British Columbia with respect to the acquisition of fixed assets	<u></u>	<u>51,943</u>
BALANCE AT END OF YEAR	<u>\$ 97,659,250</u>	<u>\$ 26,180,850</u>



URBAN TRANSIT AUTHORITY OF BRITISH COLUMBIA  
SPECIAL PURPOSE FUND  
STATEMENT OF REVENUE AND EXPENDITURE AND FUND BALANCE  
YEAR ENDED MARCH 31, 1981

Revenue	
Interest	\$ 236,336
Expenditures	
Consulting	648,461
Recruitment	30,105
Office supplies	12,897
Computer	9,136
Legal	7,517
Other	667
	<u>708,783</u>
EXCESS OF EXPENDITURE OVER REVENUE	<u>472,447</u>
FUND BALANCE AT BEGINNING OF YEAR (note 6)	<u>2,050,000</u>
FUND BALANCE AT END OF YEAR	\$ <u><u>1,577,553</u></u>

## URBAN TRANSIT AUTHORITY OF BRITISH COLUMBIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 1981

## 1. STATUS OF THE AUTHORITY

The Urban Transit Authority of British Columbia was created by the Province of British Columbia on June 29, 1978 under the Urban Transit Authority Act. The majority of the sections of the Act were brought into force by Proclamation on July 20, 1978.

## 2. ACCOUNTING POLICIES

## (a) Operating division

The operating division consists of those assets, liabilities, revenues and expenditures which relate to the provision of transit services and the administrative activities of the Authority, the deficits of which are fully cost-shareable between the participating municipalities and the Province of British Columbia in accordance with the provisions of the Urban Transit Authority Act and the related regulations.

## (b) Asset division

The asset division consists of those assets, liabilities, revenues and expenditures which relate to the revenue equipment and other physical assets owned by the Authority and leased to its contract operators for use in the provision of transit services. The lease fees reflected in this division are included in the expenditures of the operating division.

## URBAN TRANSIT AUTHORITY OF BRITISH COLUMBIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 1981

## 2. ACCOUNTING POLICIES (continued)

## (c) Fixed assets

Fixed assets have been recorded as follows:

- (i) Fixed assets transferred from the Province of British Columbia, in fiscal year 1980, at appraised value. This appraisal for revenue vehicles was carried out by General Appraisal of Canada Limited as at June 30, 1979.
- (ii) Revenue vehicles acquired from British Columbia Hydro & Power Authority pursuant to the Metro Transit Operating Company Act at appraised value. This appraisal was carried out by General Appraisal of Canada Limited as at March 1, 1980.
- (iii) Seabuses and the South Shore Seabus Terminal, acquired from the Province of British Columbia, at appraised value. This appraisal was carried out by General Appraisal of Canada Limited as at July 15, 1980.
- (iv) Land, land improvements, buildings and equipment acquired from British Columbia Hydro & Power Authority pursuant to the Metro Transit Operating Company Act, at appraised value. The appraisals were carried out by General Appraisal of Canada Limited as at the following dates:
  - Transit Administration Centre - SW Marine Drive - June 9, 1980
  - Other land - April 1, 1980
  - Other buildings and land improvements - March 1, 1981
 All appraisals are fair market value appraisals with the exception of that used for other buildings and improvements which are appraised at depreciated replacement cost.
- (v) Fixed assets transferred from British Columbia Hydro & Power Authority but not yet appraised are recorded at nominal value. It is the intention of the Authority to value these fixed assets at their fair market values based on appraisals to be conducted in the subsequent fiscal year.
- (vi) All other fixed assets at cost.

Depreciation is provided on the straight-line basis using the following annual rates:

Office furniture and equipment	10%
Leasehold improvements	20%
Revenue vehicles	
Diesel	5%
Appraised revenue vehicles	Remaining useful life
Appraised buildings	Remaining useful life
Appraised land improvements	Remaining useful life
Appraised equipment	Remaining useful life

## URBAN TRANSIT AUTHORITY OF BRITISH COLUMBIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 1981

## 3. FIXED ASSETS

	1981			1980
	<u>Carrying value</u>	<u>Accumulated depreciation</u>	<u>Net</u>	<u>Net</u>
Operating division				
Furniture and equipment	\$ 203,610	\$ 27,058	\$ 176,552	\$ 141,414
Leasehold improvements	<u>87,827</u>	<u>26,741</u>	<u>61,086</u>	<u>51,993</u>
	<u>\$ 291,437</u>	<u>\$ 53,799</u>	<u>\$ 237,638</u>	<u>\$ 193,407</u>
Asset division				
Land	\$ 20,752,080	\$	\$ 20,752,080	\$
Land improvements	3,163,045	100,097	3,062,948	
Buildings	26,012,177	656,021	25,356,156	
Revenue vehicles	50,487,353	3,959,999	46,527,354	25,423,857
Equipment	227,821	13,845	213,976	34,123
Other	<u>62,998</u>		<u>62,998</u>	
	<u>\$100,705,474</u>	<u>\$ 4,729,962</u>	<u>\$ 95,975,512</u>	<u>\$ 25,457,980</u>

## 4. SUBSEQUENT EVENT

Subsequent to March 31, 1981 the Authority exercised the option to purchase a site for the purpose of constructing the Coquitlam commuter train station. The balance of the purchase price, being \$8,415,000, is payable June 15, 1981.

## URBAN TRANSIT AUTHORITY OF BRITISH COLUMBIA

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 1981

## 5. COMMITMENTS

Effective March 31, 1981 the Authority entered into an agreement with Metro Canada Limited for the design and construction of an advanced light rapid transit system for operation in the Greater Vancouver region. The total contract is for approximately \$324,275,000 with a provision for price escalation.

At March 31, 1981 the Authority was committed to purchase 256 revenue vehicles for approximately \$51,650,000 which includes the deposit on revenue vehicles of \$4,400,150 paid prior to March 31, 1981.

## 6. SPECIAL PURPOSE FUND

On March 31, 1980 the Authority received \$2,050,000 from the Province of British Columbia for the purpose of funding the start-up costs of the Metro Transit Operating Company. This fund is maintained using the cash basis of accounting. The portion of these funds not expended for this purpose is repayable to the Province of British Columbia.

**WORKERS' COMPENSATION BOARD OF BRITISH COLUMBIA**

**Province of  
British Columbia**

Office of the  
Auditor General  
Province of British Columbia

8 Bastion Square  
Victoria, B.C.  
V8W 2T6

**AUDITOR'S REPORT**

To the Chairman and Members of the  
Workers' Compensation Board, and  
To the Minister of Labour  
Province of British Columbia:

I have examined the balance sheet of the Workers' Compensation Board as at 31 December 1980 and the condensed statement of class and fund transactions for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

I have relied upon the report of the Board's Consulting Actuary for the estimated liabilities for unfinalled claims and pensions and the current value of future payments for deposit accounts.

In my opinion, these financial statements present fairly the financial position of the Board as at 31 December 1980 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Erma Morrison, C.A.  
Auditor General

Victoria, British Columbia  
6 March 1981

## WORKERS' COMPENSATION BOARD

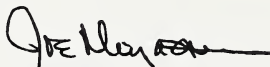
## BALANCE SHEET

AS AT DECEMBER 31, 1980 (in \$,000's)

ASSETS	1980	1979
Cash	—	1,563
Short term deposits, at cost	116,950	86,350
Assessments receivable	87,259	73,334
Accrued interest on investments	17,549	15,157
Prepaid expenses (Note 5)	934	1,483
Long-term investments, at amortized cost	672,760	570,582
Market value: 1980 \$521,215		
1979 \$469,219		
Fixed assets, net of accumulated depreciation (Note 4)	28,013	23,665
	<u>923,465</u>	<u>772,134</u>
LIABILITIES AND FUND BALANCES		
Bank overdraft	7,330	—
Accounts payable	2,319	1,519
Deposit accounts	1,604	827
Accident fund reserves (Note 2)		
Unfinalled claims	563,719	410,084
Pensions	703,285	587,132
Contingent	404	376
Disaster	1,243	996
Enhancement	4,091	1,750
	<u>1,272,742</u>	<u>1,000,338</u>
Less unfunded	<u>380,405</u>	<u>247,858</u>
	892,337	752,480
Silicosis fund reserves (Note 2)		
Unfinalled claims	9,675	3,545
Pensions	16,901	13,433
	<u>26,576</u>	<u>16,978</u>
Less unfunded	<u>10,252</u>	<u>3,221</u>
	16,324	13,757
Credit arising from revaluation of fixed assets (Note 4)	3,551	3,551
	<u>923,465</u>	<u>772,134</u>

The accompanying eight notes are an integral part of these financial statements.

Approved by the Board:


Adam S. Little, M.D.  
Chairman

J. Miyazawa  
Commissioner

M. Parr  
Commissioner

## WORKERS' COMPENSATION BOARD

CONDENSED STATEMENT OF CLASS AND FUND TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 1980 (in \$ 000's)

	CLASSES AND SPECIAL RESERVES		ACCIDENT FUND		SILICOSIS FUND		COMBINED	
	1980	1979	UNFINALLED CLAIMS	PENSIONS	UNFINALLED CLAIMS	PENSIONS	TOTAL	
							1980	1979
REVENUE								
Assessments	292,033	246,424					292,033	246,424
Estimate, current year	2,516	(640)					2,516	(640)
Adjustment, prior years	3,112	2,635					3,112	2,635
Penalties	18,505	15,656					18,505	15,656
Deposit accounts (Note 3)	316,166	264,075					316,166	264,075
Investment revenue	(19,043)	(14,003)	27,962	61,083	241	1,373	71,616	52,924
TOTAL REVENUE	297,123	250,072	27,962	61,083	241	1,373	387,782	316,999
EXPENDITURES								
Cost of workers' claims	74,660	61,811	32,116		5		106,781	86,260
Wage loss	20,816	17,134	19,894	15,034	56	46	40,766	32,214
Medical aid								
Pensions awarded, capitalized values transferred to reserves	18,446	16,202	66,750	45,069	1,510	943	(1,527)	(200)
Pensions paid	154,905	118,368	(153,554)	(118,191)	(1,351)	(1,777)	1,671	41,671
Provision for unfinalled claims	120,675	30,225	(90,879)	(21,364)	(6,109)	(6,38)	(2,323)	(112)
Additional actuarial requirements	389,502	243,740	(125,673)	(35,070)	(5,889)	174	200,775	159,765
Administration expenses	44,583	36,019					44,583	36,019
TOTAL EXPENDITURES	434,085	279,759	(125,673)	(35,070)	(5,889)	174	245,358	195,784
Addition (reduction) to Class and Fund balances before extraordinary items	(136,962)	(29,687)	153,635	69,571	6,130	42	142,424	121,215
Extraordinary items								3,218
Gain on sale of building		3,218						1,387
Realization of fixed asset revaluation								31
Net addition (reduction) to Class and Fund balances	(136,962)	(26,469)	153,635	69,571	6,130	42	142,424	125,820
Balances January 1	(247,957)	(221,488)	410,084	587,132	6,130	3,503	766,237	640,417
Balances December 31 (Note 2)	(384,919)	(247,957)	563,719	703,285	9,675	3,545	908,661	766,237



## WORKERS' COMPENSATION BOARD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1980

## NOTE 1—Significant Accounting Policies

## (a) Fund Accounting

Although the liabilities and reserves of the Board are allocated to the Accident and Silicosis Funds and various sub-divisions thereof, the assets are accounted for on a pool basis with no allocation of individual assets to specific funds.

## (b) Revenue and Expense Allocation

Each sub-class is credited with its share of assessment revenue and charged with its share of the following expenses:

- (i) for injuries occurring and Silicosis claims allowed during the year, wage loss compensation and medical aid costs paid, plus the capitalized value of pensions awarded, plus a provision for future wage loss compensation, medical aid and pension awards for workers' claims not finalised at year end;
- (ii) operating expenses paid or incurred during the year;
- (iii) any additional requirements for unfinalled claims reserves and/or pension reserves as determined by the actuary.

The sub-classes are also credited or charged with interest as explained in Note 1(i).

## (c) Fixed Assets

Fixed assets are recorded at cost, except for buildings acquired before 1970 which are recorded at appraised value. They are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings .....	20 or 40 years
Equipment .....	4 to 10 years
Furniture .....	10 years
Vehicles .....	5 years

Leasehold improvements are amortized over the period of the leases.

## (d) Investments

Investments are valued at amortized costs. The straight-line method of amortization is used. Capital losses or gains on the sale of bonds are charged against or taken into revenues in the year of the transaction. Investments are made in accordance with Section 67 of the Workers' Compensation Act.

## (e) Unfinalled Claims

Provisions for future claims costs relating to injuries occurring prior to December 31, 1980 for which the final settlement has not been determined are carried to unfinalled claims reserves which are part of the Accident and Silicosis Funds established under Sections 39 (1) (c) and 41 (2) (b) of the Workers' Compensation Act. Wage loss compensation and medical aid paid, and the capitalized value of pensions awarded after the year of injury (or after the year in which the claim is allowed, in the case of Silicosis), are charged to the respective reserves.

## (f) Pensions

Capitalized values of pensions awarded are carried to the pension reserves, which are then charged with pensions paid. When a pension is awarded for an injury which occurred in the current year its capitalized value is charged to the appropriate sub-class. In the case of a pension awarded after the year of the injury (or after the year in which the claim is allowed, in the case of Silicosis) the pension is charged to the appropriate unfinalled claims reserve.

## (g) Deposit Classes

Certain employers have been placed by the Board in self-insuring or deposit classes and are required to deposit with the Board a sum of money determined by the Board.

They are billed on a monthly basis for compensation payments and pension awards made on their behalf, together with their proportionate share of administrative costs. Under this system the deposit class employers do not provide capitalized reserves for unfinalled claims. (See Note 3)

The Board also acts as the agent of the Government of Canada for the payment of compensation to federal employees in British Columbia. Amounts disbursed are recovered from the Government of Canada on a monthly basis.

## (h) Assessment Revenue and Assessments Receivable

As a significant portion of assessment revenue for the year is not received until after year end, the amount shown is an estimate based on statistical data. Adjustments to this estimate are made in the following year and are shown separately in the Condensed Statement of Class and Fund Transactions.

## (i) Interest Revenue

In accordance with section 48 (2) of the Workers' Compensation Act interest is charged or credited to the classes or sub-classes if the classes or sub-classes are in a deficit or surplus position. The deposit accounts are charged or credited on their actual monthly balances. This interest revenue is then allocated to the appropriate reserve.

If interest were not charged or credited the effect would be to increase or decrease the "Additional Actuarial requirement" by an equal amount.

## (j) Actuarial Liabilities

The actuarial liabilities for unfinalled claims and pensions are calculated by the Board in accordance with assumptions and methods approved by the consulting actuary appointed by the Board. The report of the consulting actuary is appended to these financial statements.

**NOTE 2—Actuarial Liabilities**

Under the provisions of the Workers' Compensation Act, the Board is required to provide capitalized reserves sufficient to meet the periodic payments of compensation accruing in future years in respect of all injuries occurring during the year under the Accident Fund and all claims allowed during the year under the Sickness Fund. These provisions are included in the unfinalized claims reserves (Note 1 (e)) and the pension reserves (Note 1 (f)).

The actuarial estimates of the required reserves exceed the funded reserves by \$390,657,000. According to Board policy this amount is to be recovered from future assessments over a nine year period commencing in 1978 through charges to the assessment classes.

The net balance of \$384,919,000 shown on the "Condensed Statement of Class and Fund Transaction" includes Accident Fund special reserves with combined credit balances of \$5,738,000.

**NOTE 4—Fixed Assets (\$000's)**

Fixed assets are comprised of the following items:

	Cost or Appraised Value	1980 Depreciation	Accumulated Depreciation	Net Book Value	Net Book Value 1979
Land	1,043	—	—	1,043	1,249
Buildings	22,273	634	2,983	19,290	18,925
Furniture, Equipment and Leasehold Improvements	8,143	844	4,888	3,255	2,784
Construction in Progress	4,425	—	—	4,425	707
<b>Totals</b>	<b>35,884</b>	<b>1,478</b>	<b>7,871</b>	<b>28,013</b>	<b>23,665</b>

Buildings acquired before 1970 were appraised at depreciated replacement costs by Universal Appraisal Co. Ltd. on August 31, 1975 with the resultant "Credit arising from revaluation of fixed assets" being carried on the Balance Sheet since that date.

The administration building, at 5255 Heather Street, Vancouver was sold on April 30, 1979, for \$7,500,000, with a lease back until May 1982 when the Board plans to have completed a new administration building located adjacent to its Clinic in Richmond. The building sale represented a gain of \$4,605,000 of which \$3,218,000 credited to the assessment classes and \$1,387,000 to pension reserves. The latter figure represents a partial realization of the asset revaluation in 1975 noted above.

During the fall of 1980 a new area office building was opened in Victoria. The Board's cost of renovation and improvements was \$770,000.

Expenditures on construction in progress at December 31, 1980 totalled \$4,425,000. Of this, \$3,990,000 was for the new administration building in Richmond and \$435,000 for the new area office in Terrace. Also see Note 7.

**NOTE 5—Lease Commitments**

The Board has the following commitments for annual rentals on leased property:

1981 .....	\$ 893,000
1982 .....	328,000
1983 .....	43,000
1984 .....	25,000
1985 .....	—
	<b>\$1,289,000</b>

These amounts include the prepaid lease on 5255 Heather Street which, at December 31, 1980 was prepaid in the amount of \$731,000.

The total rental expense under these leases in 1980 was \$1,009,000 (1979: \$919,000).

**NOTE 3—Additional Cost of Compensation**

In future years, the Board will be required to make compensation payments on claims relating to the deposit accounts (Note 1 (g)) in respect of injuries which occurred before December 31, 1980. Under the accounting policies adopted by the Board, those payments are not recognized in the accounts until the year of payment or award. The current value of those future payments at December 31, 1980 are estimated by the Board, in consultation with the consulting actuary to be \$37,626,000 (1979: \$27,115,000).

At December 31, 1980 the deposit accounts were charged with \$1,402,000 representing their share of the additional actuarial requirements in respect of pension reserves. As the respective accounts were billed with the charge effective December 31, 1980, it is included in "Assessments receivable" on the Balance Sheet and in "Deposit account" revenue in the Condensed Statement of Class and Fund Transactions.

**NOTE 6—Superannuation Fund**

The cost to the Board of matching employees' compulsory contributions to the Workers' Compensation Board Superannuation Fund for 1980 was \$1,886,000 (1979: \$1,557,000). An actuarial valuation of the Fund's liabilities was carried out in 1977 under the direction of the Superannuation Branch of the Ministry of the Provincial Secretary. On the assumption that no changes are made in the current level of employee and matching employer contributions and ignoring liabilities and financing for indexed supplemental pensions, the plan's unfunded liability as at March 31, 1977 was about \$4,477,000. This unfunded liability is not included in these statements.

**NOTE 7—Construction Contract Commitments**

At December 31, 1980 major construction projects underway were an area office building in Terrace and an administration centre in Richmond.

Total construction contract, architect fee and consulting fee commitments on the administration centre project were \$23,677,000 at December 31, 1980, of which \$3,037,000 had been expended to that date, leaving a balance of \$20,640,000 committed. This project is scheduled for completion in mid-1982.

Commitments on the Terrace project were \$637,000 at December 31, 1980, of which \$435,000 had been expended to that date, leaving a balance of \$202,000 committed. The building is scheduled for completion in March 1981.

**NOTE 8—Comparative Figures**

The 1979 comparative figures are restated where necessary to conform with the statement presentation for the year ended December 31, 1980. These changes have no effect on the results of operations for the year.

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## ACTUARY'S REPORT

The Accident and Silicosis Fund Liabilities included in this report have been computed by the Board in accordance with methods and assumptions approved by us. We have made such tests of the calculations as were deemed necessary. We have also examined the data upon which the calculations were based and found it to be sufficient for our purposes and consistent with the Board's financial statements.

The Pension Liabilities for the Accident and Silicosis Funds are for pensions in effect as at December 31, 1980, but excluding pensions arising from injuries to Federal Government workers (Class 19). The present value of increases in pensions effective January 1, 1981 has been included in the Liabilities. With the exception of the mortality table for disabled pensioners in the Silicosis Fund (which was revised on the basis of recent experience), the Pension Liabilities have been computed using the same mortality, remarriage, net interest rate and other assumptions used for the valuation as at December 31, 1979. The net interest rate of 2½% makes implicit provision for the future indexing of pensions on the assumption that interest earnings on Board assets in excess of 2½% will correspond to future increases in the Consumer Price Index.

The Unfinalled Claims Liabilities for the Accident and Silicosis Funds are shown separately for rateable Classes and for deposit Classes (excluding Class 19), and are based on projections of future claims payments and awards using ratios developed from the Board's claims experience, average benefit rates, the net interest rate assumption of 2½% and, where applicable, mortality, remarriage and other assumptions used for computing Pension Liabilities. Some of the methods used in calculating these liabilities were changed from those used in the valuation as at December 31, 1979.

In our opinion, the amounts set out below, which have been determined by the methods and assumptions described above, make reasonable provision for the future liabilities of the Board as at December 31, 1980 subject to the Board levying assessments in future years sufficient to provide for any Consumer Price Index related increases in benefits that are greater than those which can be provided from interest earned on the Board assets in excess of the valuation net interest rate of 2½%.

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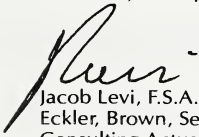
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Accident Fund	
Pension Liabilities	\$ 703,285,000
Unfinalled Claims Liabilities	
—Rateable Classes	563,719,000
—Deposit Classes	37,626,000
	<u>\$1,304,630,000</u>
 Silicosis Fund	
Pension Liabilities	\$ 16,901,000
Unfinalled Claims Liabilities	9,675,000
	<u>\$ 26,576,000</u>

We have examined the bases used in the development of the Board's 1981 assessment rates and have compared these rates with Board costs experienced in recent years. These costs have increased significantly during the last three years. The 1981 assessment rates were increased substantially to reflect this claims experience, with a limit being imposed on the maximum rate increase for a sub-class for the year. Claims costs have continued to rise during 1980. More detailed analyses of the 1980 results will not be available until later in 1981. Nevertheless, preliminary indications are that, if costs continue at the levels experienced in recent years, further increases in assessment rates will be necessary for the Board to meet currently accruing costs and to amortize its unfunded liabilities over a reasonably short period of time.

  
 Jacob Levi, F.S.A., F.C.I.A.  
 Eckler, Brown, Segal & Company Ltd.  
 Consulting Actuaries  
 March 13, 1981

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CURRENT BALANCES			CURRENT REVENUE				CURRENT EXPENDITURES					CURRENT BALANCES	
Class and Sub-Class	January 1	Assessments	Interest Revenue	Total Revenue	Cost of Workers' Compensation					Total Expenditures		December 31	
					Wage Loss	Medical Aid	Pensions Awarded	Unfunded Claims	Actual Requirement	Total Claim Cost	Administration Expenses		
8	\$ 1,024,821	\$ 1,993,528	\$ 97,413	\$ 2,090,941	\$ 291,116	\$ 86,560	\$ 23,134	\$ 824,899	\$ 658,841	\$ 1,882,844	\$ 219,498	\$ 2,102,338	\$ 1,013,426
8	(531,143)	630,470	(59,716)	570,754	234,016	57,857	—	652,626	1,114,905	2,059,204	216,317	2,275,521	(2,235,910)
11	(2,454,275)	1,411,045	(183,563)	1,227,482	426,741	66,445	—	718,678	121,513	2,333,279	185,737	2,519,016	(2,749,830)
12	(1,058,458)	1,058,458	—	—	—	—	—	—	—	—	—	—	—
20	583,318	2,704,452	113,116	2,817,566	120,062	46,339	115,458	403,325	(398,441)	284,743	169,268	464,011	2,936,275
51	(10,658,057)	15,983,068	(785,566)	15,197,502	3,404,696	805,304	1,399,035	8,008,513	4,838,431	18,455,779	1,997,845	20,453,624	(15,914,179)
	(11,930,480)	23,275,333	(808,131)	22,467,202	4,632,547	1,117,712	1,537,627	10,825,920	6,537,494	24,445,300	2,856,731	27,302,031	(16,985,309)
9	1	3,113,714	(302,453)	2,811,271	508,728	109,866	183,851	1,056,777	1,353,093	3,103,445	364,069	3,467,514	(3,705,130)
2	(2,615,991)	1,445,818	(164,038)	3,986,780	879,965	175,827	14,233	1,727,364	1,802,265	4,599,654	500,596	5,100,250	(3,727,561)
6	(1,194,007)	924,975	(110,359)	814,616	440,683	110,723	429	702,777	595,536	1,849,718	224,918	2,074,636	(1,454,427)
9	(246)	125,577	(744)	125,321	16,400	22,755	—	17,645	17,645	34,390	17,645	52,035	(35,640)
11	2,279,671	6,201,595	250,443	6,430,648	53,129	22,351	578,399	2,173,321	1,993,888	5,130,281	561,069	6,071,350	2,660,961
	(4,676,960)	14,516,079	(225,451)	14,290,628	2,437,197	609,895	776,912	5,689,053	5,515,181	15,028,238	1,661,136	16,689,374	(7,075,706)
14	1	(2,475,095)	(211,873)	7,001,015	2,023,795	446,618	3,719,322	861,037	7,387,107	11,866,570	1,186,570	13,053,177	(4,247,757)
6	(3,273,497)	4,300,745	(259,170)	4,041,575	1,087,514	37,936	7,284	2,668,852	1,232,512	5,313,798	583,472	5,897,270	(1,729,082)
	(5,748,542)	11,513,633	(471,043)	11,042,590	3,111,309	764,554	543,619	6,388,174	2,093,189	12,900,845	1,770,042	14,670,887	(9,376,839)
Total Classes	(247,858,615)	287,338,278	(18,702,026)	268,636,252	67,076,678	17,716,988	10,564,384	153,554,092	110,841,137	359,752,879	41,430,010	401,182,889	(80,405,252)
10	—	4,247,992	(38,471)	4,209,521	1,303,077	691,715	939,161	—	466,539	3,600,492	609,029	4,209,521	—
12	—	2,236,417	(20,619)	2,215,798	723,225	255,154	697,633	—	215,780	1,891,792	324,006	2,215,798	—
13	—	9,742,023	(154,943)	9,587,080	3,564,861	1,265,321	2,601,907	—	710,123	8,142,122	1,444,868	9,587,080	—
18	—	114,531	(6,622)	113,909	52,657	15,154	19,294	—	10,015	97,120	16,789	113,909	—
19	—	1,997,923	871	1,998,794	927,244	599,676	29,351	—	1,536,271	442,233	1,998,794	—	—
20	—	15,596	(30)	15,566	—	4,714	8,316	—	—	13,030	2,536	15,566	—
Total Deposit Accounts	—	18,354,482	(213,814)	18,140,668	6,771,064	2,831,734	4,295,662	—	1,402,457	15,300,917	2,839,751	18,140,668	—
Total Deposit Accounts and Classes	(247,858,615)	305,692,760	(18,915,840)	286,776,920	73,847,742	20,548,322	14,860,046	153,554,092	112,243,594	375,053,796	44,269,761	419,323,557	(80,405,252)
Silicosis	565,615	304,673	50,960	254,733	—	—	—	—	126,221	126,221	971	127,192	683,156
2	(3,786,267)	3,068,064	(232,262)	2,835,802	7,369	3,169	17,063	1,350,917	8,305,611	9,684,129	310,674	9,994,803	(10,945,268)
4	(3,220,652)	3,272,737	(182,202)	3,090,535	7,369	3,169	17,063	1,350,917	8,431,832	9,810,350	311,645	10,121,995	(10,352,112)
Class Total	(251,079,367)	308,965,497	(19,098,042)	289,867,455	73,855,111	20,551,491	14,877,109	154,905,009	120,675,426	384,864,146	44,581,406	429,445,552	(390,657,364)
Special Reserves	376,423	—	28,199	28,199	91	775	—	—	—	866	—	866	403,756
Section 39(i)(b)	996,314	1,200,000	37,610	1,237,610	30,492	12,057	947,136	—	—	989,685	1,107	990,792	1,243,132
Section 39(i)(c)	1,749,916	6,000,000	(11,064)	5,988,936	774,111	251,653	2,621,593	—	—	3,447,357	—	3,647,357	4,091,495
Section 39(i)(e)	3,122,653	7,200,000	54,745	7,254,745	804,694	264,485	3,568,799	—	—	4,637,908	1,107	4,639,015	5,738,283
GRAND TOTAL	\$247,956,614	\$316,165,497	\$19,043,297	\$297,122,200	\$74,659,805	\$20,815,976	\$18,445,838	\$154,905,009	\$120,675,426	\$389,502,054	\$44,582,513	\$434,084,567	\$(384,018,981)

## SCHEDULE 2

## STATEMENT OF ADMINISTRATION EXPENSES

FOR YEAR ENDED DECEMBER 31, 1980 (with comparative figures) (in \$,000's)

	1980	1979
Salaries and employees' benefits	40,134	33,212
Staff travel	1,314	974
Supplies and stationery	1,255	942
Building and services	2,682	2,518
Communications	1,681	1,483
Automobile fleet	268	213
Equipment	575	550
Patients' meals	473	385
Advertising and publications	1,778	1,151
Consulting fees	426	276
Grants and awards	413	339
Depreciation	1,478	1,398
Employee relocation	226	181
Miscellaneous	591	482
	53,294	44,104
Less: Miscellaneous income	785	761
: Gain (loss) on disposal of fixed assets	113	123
Total	52,396	43,220
Less: Extraordinary gain resulting from sale of administration building	—	3,218
Total expenses	52,396	40,002
Less: Allocated to medical aid (Schedule 2(d))	7,813	7,201
Total administration expenses (Schedules 2(a) - (c))	44,583	32,801

## SCHEDULE 2(a)

## STATEMENT OF PREVENTION SERVICES EXPENSES

FOR YEAR ENDED DECEMBER 31, 1980 (with comparative figures) (in \$,000's)

	1980	1979
Salaries and employees' benefits	7,572	5,900
Staff travel	634	430
Supplies and stationery	186	116
Building and services	44	72
Communications	70	60
Automobile fleet	184	150
Equipment	64	64
Advertising and publications	417	188
Consulting fees	23	5
Depreciation	257	163
Employee relocation	99	32
Miscellaneous	132	86
	9,682	7,266
Less: Miscellaneous income	313	281
Net expenses allocated to sub-classes	9,369	6,985

## SCHEDULE 2(b)

STATEMENT OF COMPENSATION SERVICES EXPENSES  
FOR YEAR ENDED DECEMBER 31, 1980 (with comparative figures) (in \$,000's)

	1980	1979
Salaries and employees' benefits	14,172	10,855
Staff travel	333	261
Supplies and stationery	97	92
Building and services	511	535
Communications	766	636
Automobile fleet	38	28
Equipment	117	86
Advertising and publications	14	7
Depreciation	179	137
Consulting fees	13	—
Employee relocation	88	126
Miscellaneous	16	16
	16,344	12,779
Less: Miscellaneous income	13	10
Net expenses allocated to sub-classes	16,331	12,769

## SCHEDULE 2(c)

STATEMENT OF SUPPORT SERVICES EXPENSES  
FOR YEAR ENDED DECEMBER 31, 1980 (with comparative figures) (in \$,000's)

	1980	1979
Salaries and employees' benefits	13,036	11,531
Staff travel	318	264
Supplies and stationery	597	420
Building and services	1,146	971
Communications	775	718
Automobile fleet	46	34
Equipment	356	355
Advertising and publications	1,343	952
Consulting fees	295	187
Grants and awards	413	339
Depreciation	460	511
Employee relocation	39	22
Miscellaneous	422	361
	19,246	16,665
Less: Miscellaneous income	250	277
: Gain (loss) on disposal of fixed assets	113	123
Total expenses	18,883	16,265
Less: Extraordinary gain resulting from sale of administration building	—	3,218
Net expenses allocated to sub-classes	18,883	13,047



## SCHEDULE 2(d)

STATEMENT OF REHABILITATION CLINIC, RESIDENCE AND HEARING BRANCH EXPENSES  
FOR YEAR ENDED DECEMBER 31, 1980 (with comparative figures) (in \$,000's)

	1980	1979
Salaries and employees' benefits	5,354	4,926
Staff travel	29	19
Supplies and stationery	375	314
Building and services	981	940
Communications	70	69
Automobile fleet	—	1
Equipment	38	45
Patients' meals	473	385
Advertising and publications	4	4
Consulting fees	95	84
Depreciation	582	587
Employee relocation	—	1
Miscellaneous	21	19
	8,022	7,394
Less: Miscellaneous income	209	193
Net expenses allocated to medical aid	7,813	7,201

## SCHEDULE 2(e)

STATEMENT OF BOARDS OF REVIEW EXPENSES  
FOR YEAR ENDED DECEMBER 31, 1980 (with comparative figures) (in \$,000's)

	1980	1979
Salaries and employees' benefits	761	766
Staff travel	53	39
Supplies and stationery	50	8
Building and services	74	53
Communications	—	5
Equipment	18	15
Miscellaneous	—	4
Total included in administration expenses (schedule 2)	956	890

## SCHEDULE 3

## INVESTMENTS HELD AS AT DECEMBER 31, 1980

	Par Value	Amortized Value
Government of Canada	\$ 7,580,000	\$ 7,473,360
Canadian National Railways	5,000	4,947
Export Development Corporation	10,000,000	10,000,000
Federal Business Development Bank	20,000,000	20,000,000
British Columbia Hydro & Power Authority	372,931,900	367,561,052
British Columbia Electric Co. Ltd.	12,549,000	12,377,299
British Columbia Toll Highways & Bridges Authority	10,000,000	9,975,501
British Columbia School District Capital Financing Authority	22,003,000	21,902,788
Other British Columbia School Districts	310,000	308,843
British Columbia Regional Hospital Districts	15,000,000	14,966,708
British Columbia Building Corporation	28,000,000	28,000,000
British Columbia Municipal Finance Authority	57,750,000	57,419,798
British Columbia Railway	50,000,000	50,000,000
Pacific Great Eastern Railway	15,443,000	15,098,021
Province of Saskatchewan	2,125,000	2,034,823
Province of Ontario	4,105,000	3,512,805
Ontario Hydro	2,000,000	2,000,000
Province of Quebec	5,980,000	5,958,875
Quebec Hydro-Electric Power Commission	24,000,000	23,714,406
Newfoundland Municipal Finance Authority	5,000,000	4,978,030
Newfoundland & Labrador Power Commission	2,300,000	2,289,184
Greater Vancouver Water District	5,690,000	5,654,598
Greater Vancouver Sewerage & Drainage	4,500,000	4,494,825
Greater Nanaimo Sewerage & Drainage	255,000	253,668
Valleyview Irrigation District	505,000	498,472
Vernon Irrigation District	625,000	618,537
Brentwood Water District	425,000	425,000
Other Municipalities	685,000	683,867
BBC Mortgage Ltd.	555,000	555,000
	<u>\$680,321,900</u>	<u>\$672,760,407</u>



**TRUST FUNDS UNDER ADMINISTRATION****CONTENTS**

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Miscellaneous Trust Accounts .....	G 62



**TRUST FUNDS UNDER ADMINISTRATION  
FOR THE FISCAL YEAR ENDED MARCH 31, 1981**

**INTRODUCTION**

This section contains the audited financial statements, actuarial balance sheets, and details of key actuarial assumptions of pension and superannuation funds, together with details of miscellaneous trust accounts. These funds comprise monies held in trust for third parties which are administered by the Government but over which the Legislature has no power of appropriation.

In prior years the Public Accounts have disclosed the revenues, expenditures and assets of the Public Service and Members of the Legislative Assembly superannuation funds, and details of miscellaneous trust accounts. This year, however, revenues, expenditures and assets and liabilities of all trust funds administered by the Government are disclosed.

At the year-end the balances of Trust Funds Under Administration which are maintained in the Government's accounts on the cash basis were as follows:

Superannuation and Pension Funds .....	\$3,134,161,266
Miscellaneous Trust Accounts .....	2,037,152,002
	<u>\$5,171,313,268</u>

**SUPERANNUATION AND PENSION FUNDS****Assets**

	1981	1980
	\$	\$
Cash and short-term deposits		
—held in chartered banks .....	311,705,131	35,249,142
—held in general fund .....	30,349,096	85,132,773
Marketable securities .....	365,529,070	166,515,646
Other investments .....	2,426,577,969	2,337,441,791
Total cash and investments .....	<u>3,134,161,266</u>	<u>2,624,339,352</u>

**Fund Balances**

Public Service Superannuation Fund .....	982,343,070	823,384,647
Members of the Legislative Assembly Superannuation Account .....	2,252,338	1,811,372
Municipal Superannuation Fund .....	987,225,852	833,613,321
Teachers' Pension Fund .....	740,455,223	613,069,104
College Pension Fund .....	50,843,221	37,928,219
British Columbia Railway Company Pension Fund .....	54,207,200	42,994,894
British Columbia Hydro and Power Authority Pension Fund .....	263,891,507	224,318,343
British Columbia Power Commission Superannuation Fund .....	24,416,744	23,239,083
Workers' Compensation Board of British Columbia Superannuation Fund .....	28,526,111	23,980,369
	<u>3,134,161,266</u>	<u>2,624,339,352</u>

**PUBLIC SERVICE SUPERANNUATION FUND****REPORT OF THE COMPTROLLER GENERAL**

The financial statements of the Public Service Superannuation Fund have been prepared from, and accurately reflect, the financial records of the Government of British Columbia. While no separate opinion has been expressed on these financial statements, the accounts of the Fund have been examined as part of the audit of the accounts of the Government.

D. R. ALEXANDER  
*Comptroller General*

*Victoria, British Columbia  
September 29, 1981*




EXHIBIT A

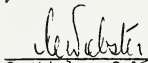
PUBLIC SERVICE SUPERANNUATION FUND  
STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 1981

	<u>1981</u>	<u>1980</u>
ASSET		
Deposits in Treasury (Schedule 1) (Note 2)	<u>\$ 982,343,070</u>	<u>\$ 823,384,647</u>
FUND BALANCE		
Basic Account	\$ 969,738,440	\$ 823,384,647
Inflation Adjustment Account	<u>12,604,630</u>	<u>-</u>
Exhibit B	<u>\$ 982,343,070</u>	<u>\$ 823,384,647</u>

The five accompanying notes are an integral part of these financial statements.

APPROVED BY:

  
J. D. Reid, F.C.I.A., Superannuation Commissioner

  
C. Webster, C.A., Comptroller, Superannuation Commission

## EXHIBIT B

PUBLIC SERVICE SUPERANNUATION FUND  
 STATEMENT OF CHANGES IN FUND BALANCE  
 FOR THE YEAR ENDED MARCH 31, 1981

	<u>1981</u>	<u>1980</u>
FUND BALANCE INCREASED BY:		
Contributions:		
Employees:		
Regular	\$ 54,348,447	\$ 44,547,242
Voluntary	886,419	1,268,971
Reinstatement	91,818	74,775
Military service	294,783	412,869
	<u>55,621,467</u>	<u>46,303,857</u>
Employer:		
Province of British Columbia	63,280,745	59,860,776
Other employers	15,223,169	11,164,708
	<u>78,503,914</u>	<u>71,025,484</u>
Transfers from other funds	2,612,295	5,121,804
Less transfers to other funds	<u>553,065</u>	<u>1,211,818</u>
	<u>2,059,230</u>	<u>3,909,986</u>
Transfers from Members of the Legislative Assembly Superannuation Account	110,163	711,656
Net income from investments received from Minister of Finance	<u>81,107,175</u>	<u>63,931,846</u>
	<u>217,401,949</u>	<u>185,882,829</u>
FUND BALANCE DECREASED BY:		
Superannuation allowance payments:		
Contributory	30,239,736	25,582,534
Cost of living supplements	<u>11,451,709</u>	<u>8,615,903</u>
	<u>41,691,445</u>	<u>34,198,437</u>
Refunds:		
Employees	12,248,437	8,727,191
Province of British Columbia	<u>4,503,644</u>	<u>7,490,209</u>
	<u>16,752,081</u>	<u>16,217,400</u>
	<u>58,443,526</u>	<u>50,415,837</u>
NET INCREASE IN FUND BALANCE	158,958,423	135,466,992
FUND BALANCE AT BEGINNING OF YEAR	<u>823,384,647</u>	<u>687,917,655</u>
FUND BALANCE AT END OF YEAR	<u>\$ 982,343,070</u>	<u>\$ 823,384,647</u>

## PUBLIC SERVICE SUPERANNUATION FUND

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1981

## 1. ACTUARIAL VALUATION

According to the Pension (Public Service) Act, an actuarial valuation of the assets and liabilities of the Fund is required to be made by an Actuary at least once in each consecutive period of not more than five years. The most recent valuation was carried out as at March 31, 1980.

The valuation indicates an increase in the unfunded liability in respect of basic pension benefits from about \$197,563,000 as of March 31, 1977 to about \$631,172,000 as of March 31, 1980. The 1977 amount of \$197,563,000 would have been stated as \$234,295,000 on the current basis since the actuary has changed his assumptions to include cost-of-living increases in the basic pensions as a result of the legislative changes which occurred in 1980. These increases were not included in the liability in previous valuations.

In the opinion of the Actuary, projected statutory employer contributions are sufficient to amortize fully the above unfunded liability in approximately 30 years from March, 1980, assuming all actuarial assumptions are realised.

## 2. DEPOSITS IN TREASURY

All contributions to the Fund are deposited in the Provincial Treasury and administered by the Minister of Finance, who has invested available moneys in the various securities listed in Schedule 1. These investments are carried at the lower of cost and par value, with "cost" defined as acquisition costs adjusted as follows:

- (i) Premiums are written off in the year of acquisition.
- (ii) Discounts on single maturity bonds are recognised as income upon redemption.
- (iii) Discounts on serial bonds are recognized as income when the final redemption occurs.

Investments held at the end of the year are as follows:

	1981 \$	1980 \$
Par Value	955,207,381	739,848,760
Book Value	952,384,223	738,872,075
Market Value	778,070,190	562,560,962

The difference between the book value and market value of the investments has not been provided for as at March 31, 1981, since it is generally expected that Fund investments will be held to maturity.

The net income from these investments is accounted for on a cash basis. Accordingly, accrued interest receivable at the end of the year has not been recorded in these financial statements.

## 3. URBAN PASSENGER TRANSPORTATION EMPLOYEES

As of April 1, 1980, urban transportation services were transferred from British Columbia Hydro and Power Authority to Metro Transit Operating Company.

The pension rights of approximately 3,000 employees, including appropriate pension funds, are to be transferred from the British Columbia Hydro and Power Authority Pension Fund to the Public Service Superannuation Fund. This transfer had not been finalized and thus no recognition of the transfer of fund assets has been made in the accompanying statement of financial position as at March 31, 1981.

## PUBLIC SERVICE SUPERANNUATION FUND

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1981

## 4. LEGISLATIVE CHANGES

The provisions of the Pension (Public Service) Act related to payment and financing of supplementary allowances were amended at the 1980 session of the Legislature. The significant provisions were -

- 1) An increase of 0.5% of salary in employee and employer contributions.
- 2) Annual, rather than quarterly, cost of living supplementary allowances, payable to the extent that moneys equal to the capitalized value are available in the Inflation Adjustment Account created for the purpose.
- 3) Allocation of employee and employer contributions each amounting to 1.25% of salary to the Inflation Adjustment Account.

## 5. ADDITIONAL INFORMATION

The Fund balance is divided into an Inflation Adjustment Account, to which employee and employer contributions each at the rate of 1.25% of salary are credited, and a Basic Account, to which all other contributions are credited. The Fund balance for the year ended March 31, 1980 has been restated accordingly.

These financial statements show only the position of the Fund as at March 31, 1981 and the changes in Fund balance for the year then ended and do not purport to show the adequacy of the Fund to meet the obligations of the superannuation plan.

## PUBLIC SERVICE SUPERANNUATION FUND

## SCHEDULE 1

## DEPOSITS IN TREASURY

AS AT MARCH 31, 1981

Cash and securities held by the Province of British Columbia -

	<u>Par Value</u>	<u>Book Value</u>	<u>Market Value</u>
Funds held in General Fund cash and short-term investment accounts	\$ 29,958,847	\$ 29,958,847	\$ 29,958,847
Investments-			
Short term investments -			
Term deposits with chartered banks	60,232,105	60,232,105	60,232,105
Canada Treasury Bills	1,825,805	1,825,805	1,825,805
Demand Notes with Crown Corporations			
British Columbia Development Corporation	56,000,000	56,000,000	56,000,000
British Columbia Hydro and Power Authority	14,100,000	14,100,000	14,100,000
British Columbia Place	42,725,000	42,725,000	42,725,000
British Columbia Steamship Company (1975) Ltd.	3,000,000	3,000,000	3,000,000
British Columbia Urban Transit Authority	20,000,000	20,000,000	20,000,000
Bonds and debentures-			
Government of Canada	36,906,000	31,312,662	28,979,686
Government of Canada guaranty -			
Export Development Corporation	25,000,000	25,000,000	25,000,000
Province of British Columbia	102,386,999	102,350,995	89,090,007
Province of Ontario	1,025,000	846,390	738,000
Province of Quebec	1,501,000	1,482,745	1,330,611
Province of Saskatchewan	9,786,000	9,588,535	7,144,454
Province of British Columbia guaranty -			
British Columbia Hydro and Power Authority	376,549,250	370,619,106	254,294,806
British Columbia Railway Company	89,380,000	89,082,939	69,548,190
British Columbia Educational Institutions			
Capital Financing Authority	1,025,000	1,025,000	864,844
British Columbia Regional Hospital Districts			
Capital Financing Authority	10,000,000	8,046,750	6,381,250
British Columbia School Districts Capital			
Financing Authority	19,246,900	17,555,166	13,216,547
British Columbia improvement districts	11,620,800	11,157,767	8,293,305
British Columbia municipalities	2,781,722	2,670,264	2,143,356
British Columbia school districts	425,800	290,175	382,761
Municipal Finance Authority of British Columbia	12,705,000	12,637,663	11,746,363
Province of Manitoba guaranty -			
Manitoba Hydro-electric Commission	296,000	275,650	201,280
Manitoba Telephone Systems	70,000	63,700	42,000
Province of New Brunswick guaranty -			
New Brunswick Electric Power Commission	1,595,000	1,595,000	1,142,419
Province of Newfoundland guaranty -			
Newfoundland and Labrador Hydro-electric Corporation	700,000	694,750	493,500
Newfoundland Municipalities Capital Financing	5,000,000	4,975,000	3,637,500
Province of Nova Scotia guaranty -			
Nova Scotia Power Corporation	2,347,000	2,224,404	1,562,005
Province of Ontario guaranty -			
Ontario Hydro-electric Power Commission	43,776,000	42,760,609	30,263,146
Province of Quebec guaranty -			
Quebec Hydro-electric Commission	3,201,000	3,199,277	2,433,428
Shares-			
Bank of British Columbia (59,564)	-	1,424,131	2,635,707
British Columbia Telephone Company (1,215,844)	-	13,575,779	18,541,621
Canadian Pacific Limited (1,200)	-	19,800	58,350
Imperial Oil Limited (300)	-	12,712	9,938
International Nickel Company of Canada Ltd. (450)	-	14,344	12,206
	<u>955,207,381</u>	<u>952,384,223</u>	<u>778,070,190</u>
	<u>\$ 985,166,228</u>	<u>\$ 982,343,070</u>	<u>\$ 808,029,037</u>

**MEMBERS OF THE LEGISLATIVE ASSEMBLY SUPERANNUATION  
ACCOUNT****REPORT OF THE COMPTROLLER GENERAL**

The financial statements of the Members of the Legislative Assembly Superannuation Account have been prepared from, and accurately reflect, the financial records of the Government of British Columbia. While no separate opinion has been expressed on these financial statements, this Superannuation Account has been examined as part of the audit of the accounts of the Government.

**D. R. ALEXANDER**  
*Comptroller General*

*Victoria, British Columbia*  
*September 29, 1981*


EXHIBIT A


MEMBERS OF THE LEGISLATIVE ASSEMBLY SUPERANNUATION ACCOUNT  
STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 1981

	<u>1981</u>	<u>1980</u>
ASSETS		
Deposits in Treasury (Schedule 1) (Note 2)	<u>\$ 2,252,338</u>	<u>\$ 1,811,372</u>
ACCOUNT BALANCE		
Basic Account	\$ 2,241,635	\$ 1,811,372
Inflation Adjustment Account	10,703	-
	<u>\$ 2,252,338</u>	<u>\$ 1,811,372</u>

The five accompanying notes are an integral part of these financial statements.

APPROVED BY:

  
J. D. Reid, F.C.I.A., Superannuation Commissioner

  
C. Webster, C.A., Comptroller, Superannuation Commission

## EXHIBIT B

MEMBERS OF THE LEGISLATIVE ASSEMBLY SUPERANNUATION ACCOUNT  
STATEMENT OF CHANGES IN ACCOUNT BALANCE  
FOR THE YEAR ENDED MARCH 31, 1981

	<u>1981</u>	<u>1980</u>
ACCOUNT BALANCE INCREASED BY:		
Contributions:		
Members of the Legislative Assembly -		
Regular	\$ 180,187	\$ 168,029
Arrears	1,217	1,503
Reinstatement	-	11,235
Voluntary	-	618
	<hr/> 181,404	<hr/> 181,385
Province of British Columbia -		
Regular	220,328	189,984
Deficiency payments - allowances granted	-	320,487
Reinstatement	-	57,883
	<hr/> 220,328	<hr/> 568,354
Interest received from Minister of Finance	<hr/> 149,397	<hr/> 175,060
	<hr/> 551,129	<hr/> 924,799
ACCOUNT BALANCE REDUCED BY:		
Transfers to Public Service Superannuation Fund of the present value of allowances granted	110,163	711,656
Refunds of Members' contributions	-	34,782
	<hr/> 110,163	<hr/> 746,438
NET INCREASE (DECREASE) IN ACCOUNT BALANCE	440,966	178,361
ACCOUNT BALANCE AT BEGINNING OF YEAR	1,811,372	1,633,011
ACCOUNT BALANCE AT END OF YEAR (Exhibit A)	<hr/> \$ 2,252,338	<hr/> \$ 1,811,372



## MEMBERS OF THE LEGISLATIVE ASSEMBLY SUPERANNUATION ACCOUNT

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1981

## 1. ACTUARIAL VALUATION

No actuarial valuation of the Account is required by the Legislative Assembly Allowances and Pension Act and no such valuation has been performed to date. At the time an allowance is granted, the Province of British Columbia contributes the deficiency between the accumulated employee and employer basic contributions and the present value of the allowance. The present value of the allowance is transferred to the Public Service Superannuation Fund and monthly allowance payments are made therefrom.

## 2. DEPOSITS IN TREASURY

All contributions to the Account are deposited in the Provincial Treasury and administered by the Minister of Finance, who has invested available monies in the various securities listed in Schedule 1. These investments are carried at the lower of cost and par value, with "cost" defined as acquisition costs adjusted as follows:

- (i) Premiums are written off in the year of acquisition.
- (ii) Discounts on single maturity bonds are recognised as income upon redemption.
- (iii) Discounts on serial bonds are recognized as income when the final redemption occurs.

Investments held at the end of the year are as follows:

	1981 \$	1980 \$
Par Value	1,876,600	1,211,200
Book Value	1,862,089	1,191,171
Market Value	1,447,452	783,436

The difference between the book value and market value of the investments has not been provided for as at March 31, 1981, since it is generally expected that Fund investments will be held to maturity.

The net income from these investments is accounted for on a cash basis. Accordingly, accrued interest receivable at the end of the year has not been recorded in these financial statements.

## 3. COST OF LIVING SUPPLEMENTARY ALLOWANCES

Former Members who are in receipt of an allowance are entitled to supplementary allowance payments based on the consumer price index as provided in the Pension (Public Service) Act. Pursuant to amendments to the Act at the 1980 session of the Legislature, these cost of living supplements are calculated annually each January 1, rather than quarterly. They are payable to the extent that monies equal to the capitalized value are available in the Inflation Adjustment Account established for the purpose. Since November 1976, towards the financing of these supplements, Members had been contributing 0.5% of indemnity, allowances and ministerial salary. Effective October 1, 1980, contributions for this purpose have been 1.25% of indemnity, allowances and ministerial salary. At the same date total Member contributions were increased by 0.5% of indemnity, allowances and ministerial salary.

## MEMBERS OF THE LEGISLATIVE ASSEMBLY SUPERANNUATION ACCOUNT

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1981

## 4. SUBSEQUENT EVENT

The provisions of the Legislative Assembly Allowances and Pension Act were amended at the 1981 session of the Legislature. The significant provision related to the Members' pension plan was to raise the percentage of the highest average indemnity, allowance and ministerial salary to be multiplied by the Member's years of service in calculating the pension allowance from 3-1/2% to 4% and reduce the maximum number of years of service used in the calculation from 20 to 18.

## 5. ADDITIONAL INFORMATION

These financial statements show only the position of the Account as at March 31, 1981 and the changes in Account balance for the year then ended and do not purport to show the adequacy of the Account to meet the obligations of the pension plan.

## MEMBERS OF THE LEGISLATIVE ASSEMBLY SUPERANNUATION ACCOUNT

## SCHEDULE 1

## DEPOSITS IN TREASURY

AS AT MARCH 31, 1981

Cash and securities held by the Province of British Columbia -

	<u>Par Value</u>	<u>Book Value</u>	<u>Market Value</u>
Funds held in General Fund cash and short-term investment accounts	\$ 390,249	\$ 390,249	\$ 390,249
Investments-			
Short-term deposits with chartered banks	673,000	673,000	673,000
Bonds and debentures-			
Government of Canada	28,000	28,000	21,042
Province of British Columbia guaranty -			
British Columbia Hydro and Power Authority	1,024,000	1,010,864	650,740
British Columbia Railway Company	20,000	20,000	11,450
British Columbia School District Capital Financing Authority	90,000	89,380	62,694
British Columbia school districts	1,600	845	1,476
Province of Ontario guaranty -			
Ontario Hydro-electric Power Commission	40,000	40,000	27,050
	<u>\$ 1,876,600</u>	<u>\$ 1,862,089</u>	<u>\$ 1,447,452</u>
	<u>\$ 2,266,849</u>	<u>\$ 2,252,338</u>	<u>\$ 1,837,701</u>

**MUNICIPAL SUPERANNUATION FUND**

Province of  
British Columbia

Office of the  
Auditor General  
Province of British Columbia

8 Bastion Square  
Victoria  
British Columbia  
V8V 1X4

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**AUDITOR'S REPORT**

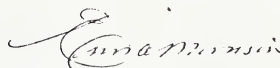
To the Commissioner of Municipal Superannuation, and

To the Provincial Secretary and Minister of Government  
Services, Province of British Columbia:

I have examined the statement of financial position of the Municipal Superannuation Fund as at 31 December 1980 and the statement of changes in fund balance for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

I have relied upon information furnished by the Fund's Consulting Actuary as to the accuracy of Note 1 to the financial statements.

In my opinion, these financial statements present fairly the financial position of the Fund as at 31 December 1980 and the changes in its fund balance for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

  
Erma Morrison, C.A.  
Auditor General

Victoria, British Columbia  
16 November 1981

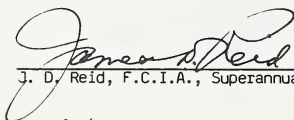
## EXHIBIT A

MUNICIPAL SUPERANNUATION FUND  
 STATEMENT OF FINANCIAL POSITION  
 AS AT DECEMBER 31, 1980

	<u>1980</u>	<u>1979</u>
<b>A S S E T S</b>		
Cash (Note 2)	\$ 1,923,337	\$ 136,357
Contributions receivable	16,342,499	11,387,564
Accrued interest on investments	20,215,040	17,614,918
Investments (Note 2)		
Short-term	86,699,415	51,223,854
Long-term	857,284,849	754,810,594
	<u>\$ 982,465,140</u>	<u>\$ 835,173,287</u>
<b>LIABILITY AND FUND BALANCE</b>		
<b>LIABILITY</b>		
Accounts payable	\$ 962,842	\$ 730,508
<b>FUND BALANCE (Exhibit B) (Note 4)</b>		
Basic account	930,742,940	789,588,892
Retirement annuity account	45,411,113	44,853,887
Inflation adjustment account	5,348,245	-
	<u>981,502,298</u>	<u>834,442,779</u>
	<u>\$ 982,465,140</u>	<u>\$ 835,173,287</u>

The four accompanying notes are an integral part of these financial statements.

APPROVED BY:



J. D. Reid, F.C.I.A., Superannuation Commissioner, Trustee



C. Webster, C.A., Comptroller, Superannuation Commission

## EXHIBIT B

MUNICIPAL SUPERANNUATION FUND  
STATEMENT OF CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 1980

	<u>1980</u>	<u>1979</u>
FUND BALANCE INCREASED BY:		
Contributions -		
Employees:		
Basic	\$ 55,186,808	\$ 44,389,670
Cost of living supplementary allowances (Note 3)	4,024,426	4,451,432
Inflation adjustment	2,665,625	-
Voluntary and special agreement	3,893,236	3,629,825
Purchase of service	84,965	115,669
Leave of absence	5,043	13,981
Reinstatement	17,228	53,923
	<hr/> 65,877,331	<hr/> 52,654,500
Employers:		
Current service	52,100,540	45,206,011
Cost of living supplementary allowances (Note 3)	4,024,693	4,451,432
Inflation adjustment	2,665,625	-
Past service	1,673,780	1,667,890
Recognition of service	84,965	143,544
Leave of absence	4,697	-
	<hr/> 60,554,300	<hr/> 51,468,877
Transfers from other funds	879,546	758,337
Income from investments	82,161,687	69,178,079
Losses on sale of investments (Note 2)	(412,276)	(611,154)
	<hr/> 209,060,588	<hr/> 173,448,639
FUND BALANCE DECREASED BY:		
Superannuation allowance payments:		
Contributory	32,495,685	27,967,112
Cost of living supplements	11,566,195	8,788,003
Special agreement supplementary allowances	36,605	226,493
Less reimbursement by former employers	-	(185,348)
	<hr/> 44,098,485	<hr/> 36,796,260
Refunds	14,891,973	13,288,096
Transfers to other funds	1,753,538	1,924,522
Pensioners' medical premiums - matching portion	403,607	335,918
Actuarial and administration expenses	853,466	651,844
	<hr/> 62,001,069	<hr/> 52,996,640
NET INCREASE IN FUND BALANCE	147,059,519	120,451,999
FUND BALANCE AT BEGINNING OF YEAR	834,442,779	713,990,780
FUND BALANCE AT END OF YEAR (Exhibit A)	<hr/> <hr/> \$ 981,502,298	<hr/> <hr/> \$ 834,442,779

## MUNICIPAL SUPERANNUATION FUND

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1980

## 1. ACTUARIAL VALUATION

According to the Pension (Municipal) Act, an actuarial valuation of the assets and liabilities of the Fund is required to be made by an Actuary from time to time at intervals of not more than five years. The most recent valuation was carried out as at December 31, 1979. In his report on this actuarial valuation the Actuary stated that the statutory basis of contributions, including the 1980 amendments described in Note 3 below, would be sufficient to fully finance benefits for all new entrants to the plan and to hold the actuarial liability constant as a percentage of future payroll. On this basis, he advised that the unfunded liability would be \$407,272,000 for basic pension benefits.

## 2. INVESTMENTS

Investments include bonds issued or guaranteed by Canada or a Province. Investments are carried at the lower of cost and par value, with "cost" defined as acquisition costs adjusted as follows:

- (i) Premiums are written off in the year of acquisition.
- (ii) Discounts on single maturity bonds are amortized over the term of the bonds.
- (iii) Discounts on serial bonds are recognized as income when redemptions occur.

Long-term investments held at the end of the year are as follows:

	1980 \$	1979 \$
Book Value	857,284,849	754,810,594
Par Value	862,439,503	758,927,553
Market Value	643,952,440	606,699,021

The difference between the book value and market value of the investments has not been provided for as at December 31, 1980, since it is generally expected that Fund investments will be held to maturity. However, during the year, certain investments were disposed of in order to improve the yield to the Fund, resulting in book losses aggregating \$412,276. It is anticipated that future increased interest earnings from reinvestment will more than offset these losses.

During the year, the Investment Committee decided that available funds should be invested in short-term securities. This represents a departure from the previous policy of holding short-term investments only until suitable long-term investments could be purchased. The short-term investments (\$86,699,415 - 1980, \$51,223,854 - 1979) have therefore been segregated from cash and classified as investments.

## MUNICIPAL SUPERANNUATION FUND

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1980

## 3. LEGISLATIVE CHANGES

An amendment to the Pension (Municipal) Act was passed at the 1980 session of the Legislature. The significant provisions, which are intended to improve the funding of the basic pension benefits and the supplementary allowances will provide for -

- 1) An increase of 0.5% of salary in contributions by employees in respect of basic pension benefits and 0.5% in respect of supplementary allowances.
- 2) Increases ranging from 0.9% to 5.0% of salary in contributions by employers on behalf of various categories of employees.
- 3) Annual rather than quarterly, cost of living supplementary allowances, payable to the extent that monies equal to the capitalized value are available in the Inflation Adjustment Account created for the purpose.
- 4) A reduction of the years of pensionable service required to receive pension benefits at normal retirement ages.

## 4. ADDITIONAL INFORMATION

The Fund balance is divided into an Inflation Adjustment Account to which employee and employer contributions each at the rate of 1% of salary are credited, a Basic Account to which all regular contributions are credited, and a Retirement Annuity Account to which all voluntary contributions are credited. The Fund balance for 1979 has been restated accordingly.

These financial statements show only the position of the Fund as at December 31, 1980 and the changes in Fund balance for the year then ended and do not purport to show the adequacy of the Fund to meet the obligations of the pension plan.



## SCHEDULE 1

TRUSTEES OF THE MUNICIPAL SUPERANNUATION FUND AND THE MINISTER OF  
FINANCE FOR THE PROVINCE OF BRITISH COLUMBIA  
SECURITIES HELD AS AT DECEMBER 31, 1980

	<u>Par Value</u>	<u>Book Value</u>	<u>Market Value</u>
Government of Canada	\$ 12,009,000	\$ 11,291,139	\$ 10,092,597
Province of British Columbia Guaranty			
B. C. Hydro and Power Authority	599,153,500	595,775,142	447,156,557
B. C. Electric Company	1,423,000	1,408,774	973,401
B. C. Railway Company	143,335,000	142,846,545	104,713,244
Municipal Financing Authority of B. C.	48,432,953	48,159,665	39,747,476
B. C. School Districts Serials	1,160,050	1,134,224	1,043,284
B. C. School Districts Capital Financing Authority Serials	1,491,000	1,478,625	1,255,106
B. C. School Districts Capital Financing Authority	25,144,000	25,107,820	17,637,360
B. C. Regional Hospital Districts Financing Authority	9,215,000	9,137,743	6,260,519
B. C. Municipal Serials	323,000	317,147	273,778
B. C. Irrigation Districts	4,997,000	4,988,257	3,084,471
B. C. Improvement Districts Serials	142,500	140,356	109,398
B. C. Improvement Districts	1,221,000	1,217,682	757,776
B. C. Waterworks Districts Serials	310,500	305,930	253,299
B. C. Waterworks Districts	392,000	390,872	262,410
B. C. Hospital Improvement Districts Serials	218,000	216,067	203,121
Northfield Fire Protection District Serial	2,000	1,875	1,884
Greater Vancouver Sewerage and Drainage District Serial	1,036,000	1,025,795	842,263
Greater Vancouver Sewerage and Drainage District	769,000	768,367	551,758
Province of Nova Scotia Guaranty			
Nova Scotia Power	1,300,000	1,274,598	901,875
Province of Ontario	250,000	231,791	181,563
Province of Ontario Guaranty			
Ontario Hydro	6,004,000	5,973,015	4,320,041
Province of Quebec	56,000	55,769	50,890
Province of Saskatchewan	4,055,000	4,037,651	3,278,369
	<u>\$862,439,503</u>	<u>\$857,284,849</u>	<u>\$643,952,440</u>

## TEACHERS' PENSION FUND



Province of  
British Columbia

Office of the  
Auditor General  
Province of British Columbia

8 Bastion Square  
Victoria  
British Columbia  
V8V 1X4

## AUDITOR'S REPORT

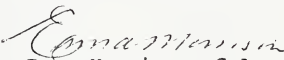
To the Commissioner of Teachers' Pensions, and

To the Provincial Secretary and Minister of Government  
Services, Province of British Columbia:

I have examined the statement of financial position of the Teachers' Pensions Fund as at 31 December 1980 and the statement of changes in fund balance for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

I have relied upon information furnished by the Fund's Consulting Actuary as to the accuracy of Note 1 to the financial statements.

In my opinion, these financial statements present fairly the financial position of the Fund as at 31 December 1980 and the changes in its fund balance for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

  
Erma Morrison, C.A.  
Auditor General

Victoria, British Columbia  
26 October 1981

EXHIBIT A

TEACHERS' PENSIONS FUND  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 1980

	<u>1980</u>	<u>1979</u>
A S S E T S		
Cash (Note 2)	\$ 3,803,550	\$ 556,242
Contributions receivable:		
Employee and employer	7,567,885	8,686,009
Province of British Columbia - deficit in employer reserve	-	8,450,602
Accrued interest on investments	14,359,913	11,797,096
Investments (Note 2)		
Long-term	624,658,049	560,757,075
Short-term	71,521,649	29,202,737
	<u>\$ 721,911,046</u>	<u>\$ 619,449,761</u>
LIABILITY AND FUND BALANCE		
LIABILITY		
Accounts payable	\$ 757,408	\$ 582,714
FUND BALANCE (Exhibit B)		
Basic account (Note 4)	716,696,942	618,867,047
Inflation adjustment account	4,456,696	-
	<u>721,153,638</u>	<u>618,867,047</u>
	<u>\$ 721,911,046</u>	<u>\$ 619,449,761</u>

The four accompanying notes are an integral part of these financial statements.

APPROVED BY:



J. B. Reid, F.C.I.A., Superannuation Commissioner, Trustee



C. Webster, C.A., Comptroller, Superannuation Commission

TEACHERS' PENSIONS FUND  
STATEMENT OF CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 1980

EXHIBIT B

	<u>1980</u>	<u>1979</u>
FUND BALANCE INCREASED BY:		
Contributions -		
Employees:		
Basic	\$ 38,734,004	\$ 33,783,989
Cost of living supplementary allowances (Note 3)	5,030,957	6,477,382
Inflation Allowance	2,203,806	-
Voluntary	75,935	38,494
Reinstatement	156,335	135,392
Leave of absence	290,767	232,429
Military or other service	333,752	206,804
	<hr/> 46,825,556	<hr/> 40,874,490
Employers:		
Paid by the Province of British Columbia -		
Basic	44,456,231	33,572,418
Cost of living supplementary allowances (Note 3)	5,030,957	6,477,382
Inflation Allowance	2,203,806	-
Recognition of service	333,752	206,804
Contributions paid by employers other than school districts	<hr/> 215,487	<hr/> 211,571
	<hr/> 52,240,233	<hr/> 40,468,175
Province of British Columbia:		
Deficit in Employer Reserve Account	-	8,450,602
Transfers from other funds	406,217	726,045
Income from investments	60,885,675	49,243,938
Losses on sale of investments (Note 2)	<hr/> (1,419,342)	<hr/> (473,459)
	<hr/> 158,938,339	<hr/> 139,289,791
FUND BALANCE DECREASED BY:		
Superannuation allowance payments:		
Contributory	29,557,753	26,495,717
Cost of living supplements	13,733,224	10,678,472
	<hr/> 43,290,977	<hr/> 37,174,189
Refunds	5,344,518	3,826,349
Transfers to other funds	1,321,729	1,527,957
Reimbursement to employers of Canada Pension Plan employer contributions	6,123,124	5,826,388
Actuarial and administration expenses	<hr/> 571,400	<hr/> 409,724
	<hr/> 56,651,748	<hr/> 48,764,607
NET INCREASE IN FUND BALANCE	<hr/> 102,286,591	<hr/> 90,525,184
FUND BALANCE AT BEGINNING OF YEAR	<hr/> 618,867,047	<hr/> 528,341,863
FUND BALANCE AT END OF YEAR (Exhibit A)	<hr/> <hr/> \$ 721,153,638	<hr/> <hr/> \$ 618,867,047

TEACHERS' PENSIONS FUND  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1980

1. ACTUARIAL VALUATION

According to the Pension (Teachers) Act, an actuarial valuation of the assets and liabilities of the Fund is required to be made by an Actuary from time to time at intervals of not more than five years. The most recent valuation was carried out as at December 31, 1977. On this actuarial valuation the Actuary recommended that the statutory basis of contributions be strengthened so that contributions, in future, would be sufficient to fully finance benefits for all new entrants to the plan and to hold the actuarial liability constant as a percentage of future teacher payroll. On this basis, he advised that the unfunded liability would be \$547,600,000 for basic pension benefits. While this represents an increase of \$79,600,000 since December 31, 1974 the report stated that the plan "funded ratio" had improved. Statutory amendment reflecting the recommendations of the consulting actuary as described in Note 3 was passed by the Legislature.

An actuarial valuation as at December 31, 1980 is presently being prepared.

2. INVESTMENTS

Investments include bonds issued or guaranteed by Canada or a Province and a mortgage of approximately \$1,800,000 insured by Central Mortgage and Housing Corporation. Investments are carried at the lower of cost and par value, with "cost" defined as acquisition costs adjusted as follows:

- (i) Premiums are written off in the year of acquisition.
- (ii) Discounts on single maturity bonds are amortized over the term of the bonds.
- (iii) Discounts on serial bonds are recognized as income when redemptions occur.

Long-term investments held at the end of the year are as follows:

	1980 \$	1979 \$
Book Value	624,658,049	560,757,075
Par Value	630,397,833	565,971,638
Market Value	465,050,537	446,645,271

The difference between the book value and market value of the investments has not been provided for as at December 31, 1980, since it is generally expected that Fund investments will be held to maturity. However, during the year, certain investments were disposed of in order to improve the yield to the Fund, resulting in book losses aggregating \$1,419,342. It is anticipated that future increased interest earnings from reinvestment will more than offset these losses.

TEACHERS' PENSIONS FUND  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1980

During the year, the Investment Committee decided that available funds should be invested in short-term securities. This represents a departure from the previous policy of holding short-term investments only until suitable long-term investments could be purchased. The short-term investments (\$71,521,649 - 1980, \$29,202,737 - 1979) have therefore been segregated from cash and classified as investments.

3. LEGISLATIVE CHANGES

An amendment to the Pension (Teachers) Act was passed at the 1980 session of the Legislature. The significant provisions, which are intended to improve the funding of the basic pension benefits and the supplementary allowances will provide for -

- 1) An increase of 0.5% in contributions by teachers.
- 2) An increase of 3.2% in contributions by government on behalf of school districts.
- 3) Contributions by government to reimburse the fund for the amounts reimbursed to school districts for payments made to the Canada Pension Plan in respect of teachers to whom the Act applies.
- 4) Annual, rather than quarterly, cost-of-living supplementary allowances, payable to the extent that moneys equal to the capitalized value are available in the Inflation Adjustment Account created for the purpose.

4. ADDITIONAL INFORMATION

The Fund balance is divided into an Inflation Adjustment Account, to which employee and employer contributions each at the rate of 1% of salary are credited, and a Basic Account, to which all other contributions are credited. The Fund balance for 1979 has been restated accordingly.

These financial statements show only the position of the Fund as at December 31, 1980 and the changes in Fund balance for the year then ended and do not purport to show the adequacy of the Fund to meet the obligations of the pension plan.

## SCHEDULE NO. 1

## TRUSTEES FOR THE TEACHERS' PENSIONS FUND

and the

## MINISTER OF FINANCE FOR THE PROVINCE OF BRITISH COLUMBIA

SECURITIES HELD AS AT DECEMBER 31, 1980

	<u>Par Value</u>	<u>Book Value</u>	<u>Market Value</u>
Government of Canada	\$ 11,754,000	\$ 11,405,836	\$ 9,992,002
Province of British Columbia Guaranty			
B. C. Hydro and Power Authority	483,684,000	478,932,147	356,448,892
B. C. Electric Company	653,000	644,833	438,446
B. C. Railway Company	78,966,000	78,688,397	57,184,949
B. C. School Districts Serials	1,130,200	1,103,212	1,025,231
B. C. School Districts Capital Financing Authority Serials	1,565,000	1,552,955	1,316,569
B. C. School Districts Capital Financing Authority	25,127,000	24,993,926	17,608,308
B. C. Municipal Serials	104,000	102,458	91,310
B. C. Irrigation Districts Serials	122,000	119,869	92,623
B. C. Irrigation Districts	715,500	714,796	430,686
B. C. Improvement Districts	984,000	978,428	649,830
Nechako Improvement District Serial	537,000	531,899	387,644
B. C. Hospital Improvement District Serials	198,000	196,436	162,405
B. C. Waterworks Districts	94,000	93,503	60,338
Greater Vancouver Sewerage and Drainage District	980,000	979,927	703,150
Greater Vancouver Sewerage and Drainage District Serials	259,000	256,449	210,606
Greater Vancouver Water District Serials	116,000	112,056	103,965
Province of Nova Scotia	970,000	881,641	679,000
Province of Nova Scotia Guaranty			
Nova Scotia Power	794,000	776,978	550,838
Province of Ontario Guaranty			
Ontario Hydro	10,185,000	10,167,646	7,368,853
Province of Quebec	3,000,000	2,979,493	2,696,250
Province of Saskatchewan	6,605,000	6,590,032	5,401,638
N.H.A. Insured Mortgage			
Bancorp Financial Ltd.	1,855,133	1,855,132	1,447,004
	<u>\$ 630,397,833</u>	<u>\$ 624,658,049</u>	<u>\$ 465,050,537</u>

## COLLEGE PENSION FUND



Province of  
British Columbia

Office of the  
Auditor General  
Province of British Columbia

8 Bastion Square  
Victoria  
British Columbia  
V8V 1X4

## AUDITOR'S REPORT

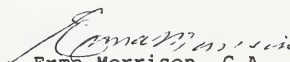
To the Superannuation Commissioner, and

To the Provincial Secretary and Minister of Government Services  
Province of British Columbia:

I have examined the statement of financial position of the College Pension Fund as at 31 August 1980 and the statement of changes in fund balance for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

I have relied upon information furnished by the Fund's Consulting Actuary as to the accuracy of note 1 to the financial statements.

In my opinion, these financial statements present fairly the financial position of the Fund as at 31 August 1980 and the changes in its fund balance for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

  
Erma Morrison, C.A.  
Auditor General

Victoria, British Columbia  
12 December 1980



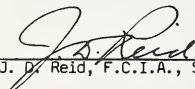
COLLEGE PENSION FUND  
STATEMENT OF FINANCIAL POSITION  
AS AT AUGUST 31, 1980

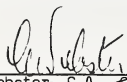
EXHIBIT A

	<u>1980</u>	<u>1979</u>
A S S E T S		
Cash and term deposits	\$ 4,593,984	\$ 3,240,809
Contributions receivable	1,353,867	776,731
Accrued interest on investments	898,560	702,519
Investments in bonds issued or guaranteed by Canada or a Province (Note 2)	37,758,477	28,492,297
	<u>\$ 44,604,888</u>	<u>\$ 33,212,356</u>
LIABILITY AND FUND BALANCE		
LIABILITY		
Pensions Payable	\$ 3,477	\$ 42,316
FUND BALANCE (Exhibit B)		
Employees' Retirement Annuity Account	77,061	68,149
College Pension Fund Basic Account	44,524,350	33,101,891
	<u>44,601,411</u>	<u>33,170,040</u>
	<u>\$ 44,604,888</u>	<u>\$ 33,212,356</u>

The five accompanying notes are an integral part of these financial statements.

APPROVED BY:

  
J. D. Reid, F.C.I.A., Superannuation Commissioner, Trustee

  
C. Webster, C.A., Comptroller, Superannuation Branch

December 11, 1980

## EXHIBIT B

COLLEGE PENSION FUND  
STATEMENT OF CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED AUGUST 31, 1980

	<u>1980</u>	<u>1979</u>
FUND BALANCE INCREASED BY:		
Contributions -		
Employees:		
Basic	\$ 3,489,501	\$ 3,008,957
Voluntary	6,457	10,042
	<u>3,495,958</u>	<u>3,018,999</u>
Employer matching contributions	3,489,501	3,008,957
Transfers from other funds	1,516,836	451,362
Income from investments	3,800,316	2,622,542
	<u>12,302,611</u>	<u>9,101,860</u>
FUND BALANCE DECREASED BY:		
Superannuation allowance payments:		
Contributory	462,798	262,193
Cost of living supplements (Note 3)	75,640	47,354
	<u>538,438</u>	<u>309,547</u>
Refunds	262,612	188,100
Transfers to other funds	44,302	86,454
Medical premium subsidy for pensioners	4,149	2,385
Administration expenses	21,739	18,289
	<u>871,240</u>	<u>604,775</u>
NET INCREASE IN FUND BALANCE	11,431,371	8,497,085
FUND BALANCE AT BEGINNING OF YEAR	<u>33,170,040</u>	<u>24,672,955</u>
FUND BALANCE AT END OF YEAR (Exhibit A)	<u>\$ 44,601,411</u>	<u>\$ 33,170,040</u>

## COLLEGE PENSION FUND

## NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 1980

## 1. ACTUARIAL VALUATION

According to the Pension (College) Act, actuarial valuations of the Fund shall be made by an actuary when requested by the Superannuation Commissioner. The first actuarial valuation of the Fund was carried out as at August 31, 1976. The valuation indicates that the unfunded liability of the Plan is about \$12,290,000 as at August 31, 1976. The actuary has recommended that the statutory contribution rates under the Plan be increased to ensure stable contribution rates in the future. Changes to the Plan as described in Notes 3 and 4 below were enacted in August 1980.

A valuation as at August 31, 1980 is presently in preparation.

## 2. INVESTMENTS

Investments are carried at the lower of cost and par value. Premiums are written off in the year of acquisition. Discounts on single maturity bonds are amortized over the term of the bonds. Discounts on serial bonds are recognized as income as the serial redemptions occur. Investments held at the end of the year are as follows:

	1980 \$	1979 \$
Book Value	37,758,477	28,492,297
Par Value	38,199,000	28,893,000
Market Value	30,047,577	26,076,030

The difference between the book value and the market value of the investments is not considered to be a permanent reduction of the Fund balance available for payment of pension benefits and therefore has not been provided for as at August 31, 1980.

## 3. COST OF LIVING SUPPLEMENTARY ALLOWANCES

Payment of supplementary allowances, adjusted quarterly in relation to the cost of living index, commenced July 1, 1975. The Act provides that when the accumulated payments exceed 1% of the average annual total of contributory salaries, these supplements are to be financed by additional employee and employer contributions, each at the rate of 1/2% of salary. The Act provides for a further similar increase when the accumulated payments again exceed 1% of the average annual total of contributory salaries. Provisions for the payment and financing of supplementary allowances have been changed significantly as described in Note 4.

## 4. SUBSEQUENT EVENT

The provisions of the Pension (College) Act related to payment and financing of supplementary allowances were amended at the 1980 session of the Legislature. The significant provisions, effective October 1, 1980, are -

- 1) An increase of 1.0% of salary in contributions by employees and by employers.
- 2) Annual, rather than quarterly, cost of living supplementary allowances, payable to the extent that moneys equal to the capitalized value are available in the Inflation Adjustment Account created for the purpose.

## 5. ADDITIONAL INFORMATION

These financial statements show only the position of the Fund as at August 31, 1980 and the changes in Fund balance for the year then ended and do not purport to show the adequacy of the Fund to meet the obligations of the superannuation plan.

## SCHEDULE NO. 1

TRUSTEES OF THE COLLEGE PENSION FUND AND  
 THE MINISTER OF FINANCE FOR THE PROVINCE OF BRITISH COLUMBIA  
 SECURITIES HELD AS AT AUGUST 31, 1980

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	<u>Par Value</u>	<u>Book Value</u>	<u>Market Value</u>
Government of Canada	\$ 1,017,000	\$ 1,017,000	\$ 775,590
Province of British Columbia Guaranty -			
B. C. Hydro and Power Authority	30,320,000	29,918,920	24,041,716
B. C. Railway Company	6,487,000	6,449,016	4,964,946
B. C. School Districts Financing Authority	290,000	288,541	207,375
Peachland Irrigation District	50,000	50,000	32,750
Province of Ontario Guaranty -			
Ontario Hydro	35,000	35,000	25,200
	<u>\$ 38,199,000</u>	<u>\$ 37,758,477</u>	<u>\$ 30,047,577</u>

**BRITISH COLUMBIA RAILWAY COMPANY PENSION FUND**



Province of  
British Columbia

Office of the  
Auditor General  
Province of British Columbia

8 Bastion Square  
Victoria  
British Columbia  
V8V 1X4

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**AUDITOR'S REPORT**

To the Directors, British Columbia Railway Company, and

To the Provincial Secretary and Minister of Government Services,  
Province of British Columbia:

I have examined the statement of financial position of the British Columbia Railway Company Pension Fund as at 31 December 1980 and the statement of changes in fund balance for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

I have relied upon information furnished by the Fund's Consulting Actuary as to the accuracy of Note 1 to the financial statements.

In my opinion, these financial statements present fairly the financial position of the Fund as at 31 December 1980 and the changes in its fund balance for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A handwritten signature in cursive script, reading "Erma Morrison".

Erma Morrison, C.A.  
Auditor General

Victoria, British Columbia  
30 April 1981

## EXHIBIT A

## BRITISH COLUMBIA RAILWAY COMPANY PENSION FUND

## STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 1980

	<u>1980</u>	<u>1979</u>
ASSETS		
Cash and term deposits	\$ 8,964,795	\$ 4,151,412
Contributions receivable	670,577	444,746
Accrued interest	1,208,645	929,681
Investments in bonds issued or guaranteed by Canada or a Province (Note 2)	42,664,120	36,943,709
	<u>\$ 53,508,137</u>	<u>\$ 42,469,548</u>

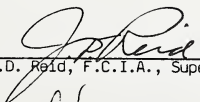
## LIABILITY AND FUND BALANCE

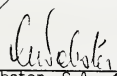
## LIABILITY

Accounts payable	\$ 89	\$ 1,052
FUND BALANCE (Exhibit B)		
Pension Fund Basic Account	53,267,569	42,255,770
Employee Voluntary Contributions Account	240,479	212,726
	<u>53,508,048</u>	<u>42,468,496</u>
	<u>\$ 53,508,137</u>	<u>\$ 42,469,548</u>

The three accompanying notes are an integral part of these financial statements

APPROVED BY

  
 J.D. Reid, F.C.I.A., Superannuation Commissioner, Trustee

  
 C. Webster, C.A., Comptroller, Superannuation Branch

## EXHIBIT B

## BRITISH COLUMBIA RAILWAY COMPANY PENSION FUND

## STATEMENT OF CHANGES IN FUND BALANCE

FOR THE YEAR ENDED DECEMBER 31, 1980

	<u>1980</u>	<u>1979</u>
FUND BALANCE INCREASED BY:		
Employee contributions		
Regular and arrears	\$ 2,945,355	\$ 2,606,736
Voluntary	42,125	47,963
	<u>2,987,480</u>	<u>2,654,699</u>
Employer contributions		
Current	4,598,214	4,260,849
Amortization of unfunded liability (Note 1)	568,000	568,000
Net income from investments	4,650,769	3,435,251
Gains (losses) on sale of investments	-	(9,278)
	<u>12,804,463</u>	<u>10,909,521</u>
FUND BALANCE DECREASED BY:		
Pension payments	750,855	701,455
Employee refunds	1,014,056	684,872
	<u>1,764,911</u>	<u>1,386,327</u>
NET INCREASE IN FUND BALANCE	11,039,552	9,523,194
FUND BALANCE AT BEGINNING OF YEAR	<u>42,468,496</u>	<u>32,945,302</u>
FUND BALANCE AT END OF YEAR (Exhibit A)	<u>\$ 53,508,048</u>	<u>\$ 42,468,496</u>

## BRITISH COLUMBIA RAILWAY COMPANY PENSION FUND

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1980

## 1. ACTUARIAL VALUATION

An actuarial valuation of the assets and liabilities of the Fund is required to be made by an Actuary every three years. A valuation was carried out as at December 31, 1978. The valuation disclosed that the Fund had unfunded liabilities of \$6,756,000.

The Actuary recommended payments to amortize the unfunded liabilities over a period of 24 years commencing January 1, 1979 of \$568,000 per annum. Accordingly, total employer contributions have been set at 9.4% of salary effective January 1, 1979.

## 2. INVESTMENTS

Investments are carried at the lower of cost and par value. Premiums are written off in the year of acquisition. Discounts on single maturity bonds are amortized over the term of the bonds. Discounts on serial bonds are recognized as income as the serial redemptions occur. Investments held at the end of the year are as follows -

	1980	1979
	<u>\$</u>	<u>\$</u>
Book Value	42,664,120	36,943,709
Par Value	43,107,700	37,361,500
Market Value	32,841,668	30,541,851

The difference between the book value and market value of the investments is not considered to be a permanent reduction of the Fund balance available for payment of pension benefits and therefore has not been provided for as at December 31, 1980.

## 3. ADDITIONAL INFORMATION

These statements show only the financial position of the Fund as at December 31, 1980 and the changes in the Fund balance for the year then ended and do not purport to show the adequacy of the Fund to meet the obligations of the pension plan.



## BRITISH COLUMBIA RAILWAY COMPANY PENSION FUND

## SCHEDULE NO. 1

## INVESTMENTS HELD AS AT DECEMBER 31, 1980

	<u>Par Value</u>	<u>Book Value</u>	<u>Market Value</u>
Government of Canada	\$ 1,875,000	\$ 1,868,553	\$ 1,482,575
Guaranteed by the Province of British Columbia			
B. C. Hydro and Power Authority	32,195,000	31,827,506	24,687,222
B. C. Electric Company Limited	80,000	79,227	52,900
B. C. Railway Company	6,830,000	6,781,349	5,008,013
B. C. School Districts Serials	26,700	25,899	25,010
B. C. School Districts Capital Financing Authority Serials	68,000	67,430	57,290
B. C. School District Capital Financing Authority	155,000	155,000	111,406
B. C. Regional Hospital Districts Financing Authority	260,000	260,000	190,125
Pouce Coupe Hospital District Serials	6,000	5,831	5,233
B. C. Waterworks Districts	78,000	77,547	51,578
Greater Vancouver Water District	100,000	99,952	81,125
Guaranteed by the Province of Nova Scotia			
Nova Scotia Power	15,000	14,677	10,406
Province of Ontario	147,000	146,684	132,668
Guaranteed by the Province of Ontario			
Ontario Hydro	918,000	918,000	663,891
Guaranteed by the Province of Quebec			
Quebec Hydro	170,000	153,353	134,375
Province of Saskatchewan	184,000	183,112	147,851
	<u>\$ 43,107,700</u>	<u>\$ 42,664,120</u>	<u>\$ 32,841,668</u>

## BRITISH COLUMBIA HYDRO AND POWER AUTHORITY PENSION FUND



1075 West Georgia Street  
Vancouver, B.C. V6E 3G1  
(604) 682-4711 Telex 04-507740

May 4, 1981

## AUDITORS' REPORT

Superannuation Commissioner,  
Province of British Columbia:

We have examined the balance sheet of the British Columbia Hydro and Power Authority Pension Plan as at December 31, 1980 and the statement of changes in fund balance for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances. The Minister of Finance of the Province of British Columbia has confirmed to us that the securities representing the Fund's investments were held for safekeeping by him as at December 31, 1980.

In our opinion the accompanying balance sheet and statement of changes in fund balance present fairly the financial position of the Plan as at December 31, 1980 and the results of its transactions for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A handwritten signature in cursive script, reading 'Price Waterhouse &amp; Co.', followed by a stylized flourish.

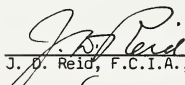
Chartered Accountants


## BRITISH COLUMBIA HYDRO AND POWER AUTHORITY PENSION PLAN

## BALANCE SHEET

	Year ended December 31	
	<u>1980</u>	<u>1979</u>
ASSETS		
Cash and term deposits	\$ 22,742,288	\$ 17,909,035
Pension contributions receivable	1,582,543	2,516,641
Accrued interest on investments and term deposits	6,422,505	5,157,694
Investments at cost, after amortization of discounts (Note 2)	228,227,679	194,238,153
	<u>\$ 258,975,015</u>	<u>\$ 219,821,523</u>
LIABILITIES AND FUND BALANCE		
Accounts payable:		
Pensions	\$ 13,534	\$ 8,642
Administration expense	117,080	76,242
Transfers to other funds	72,972	
	<u>203,586</u>	<u>84,884</u>
Fund balance:		
Pension account - amount available for payment of pensions in effect	60,822,070	52,410,963
Compulsory contributions account	80,488,301	74,065,228
Additional voluntary contributions account	865,033	831,287
Employer matching contributions account	80,488,301	74,065,228
Index pension account (Note 3)	15,640,047	10,744,705
Index reserve account (Note 3)	(17,556,063)	(12,666,896)
Reserve account	38,023,740	20,286,124
	<u>258,771,429</u>	<u>219,736,639</u>
	<u>\$ 258,975,015</u>	<u>\$ 219,821,523</u>

APPROVED BY:

  
 J. D. Reid, F.C.I.A., Superannuation Commissioner

  
 C. Webster, C.A., Comptroller

## BRITISH COLUMBIA HYDRO AND POWER AUTHORITY PENSION PLAN

## STATEMENT OF CHANGES IN FUND BALANCE

FOR THE YEAR ENDED DECEMBER 31, 1980

	Year ended December 31	
	1980	1979
FUND BALANCE INCREASED BY		
Employee Contributions		
Compulsory	\$ 14,814,523	\$ 13,882,874
Additional voluntary	220,792	46,105
Reinstatement	-	2,518
Employer matching contributions		
Current	14,814,523	13,882,874
Voluntary contributions transferred under clause 12	34,703	64,944
Payment by the Authority into the Reserve account in amortization of (Note 1)-		
Actuarial deficiency	3,061,000	3,061,000
Past service liability	393,800	393,800
Transfers from other funds	139,988	317,293
Interest on investments	23,258,194	18,260,259
	<u>56,737,523</u>	<u>49,911,667</u>
FUND BALANCE DECREASED BY		
Contributory pension payments	7,330,769	6,039,897
Cost of living supplemental payments	1,806,475	1,226,745
Employee contributions refunded	8,405,210	2,386,106
Transfers to other funds	34,403	65,571
Administration and audit expenses	125,876	76,242
	<u>17,702,733</u>	<u>9,794,561</u>
INCREASE IN FUND BALANCE	39,034,790	40,117,106
FUND BALANCE AT BEGINNING OF YEAR	<u>219,736,639</u>	<u>179,619,533</u>
FUND BALANCE AT END OF YEAR	<u>\$ 258,771,429</u>	<u>\$ 219,736,639</u>

## BRITISH COLUMBIA HYDRO AND POWER AUTHORITY PENSION PLAN

## NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 1980

## 1. ACTUARIAL VALUATION

An actuarial valuation of the assets and liabilities of the Fund is required to be made by an actuary every three years. An actuarial report prepared as of December 31, 1979 indicated an evaluated accrued deficit in the plan as of that date of approximately \$32,000,000 after taking account of the separation of passenger transportation employees referred to in Note 4 excluding any amount for indexed supplements. It is estimated that there has been no significant change to the deficit through December 31, 1980. This deficit arose principally as a result of plan improvements introduced over the years, including minimum pension benefit provisions for present members. It is being funded, principally, by continuation of payments of \$3,061,000 per annum until 1999.

The present value of indexed supplements in effect at December 31, 1980 is actuarially valued to be approximately \$15,640,000 (1979 - \$10,745,000).

## 2. INVESTMENTS

	<u>1980</u>	<u>1979</u>
At cost, after amortization of discounts	\$228,227,679	\$194,238,153
Par value	\$230,140,700	\$195,875,400
Market value	\$174,206,342	\$158,720,333
Excess of cost over market value	\$ 54,021,337	\$ 35,517,820

The market value of the Fund's investments at December 31, 1980 is \$54,021,337 less than amortized cost. As there is no permanent impairment in the value of the investments these investments have not been written down to recognize the difference between the investments' carrying value and market value.

## 3. COST OF LIVING SUPPLEMENTARY ALLOWANCES

Cost of living supplements, based on the quarterly increase in the consumer price index, were added to the pensions of eligible pensioners on each quarter date commencing July, 1, 1975 and ending January 1, 1981. Effective February 1, 1980 the cost of living supplements were financed by increasing the employer and employee contributions by 0.5% of plan earnings. This followed by three months a continuous twelve-month period at the end of which the cost of accumulated supplements exceeded 1% of the total contributory earnings of members of the period.

The Index Pension account shown in the Fund balance is the present value of supplements in effect at December 31, 1980, while the Index Reserve account is the capital cost of indexed supplements added less amounts received as indexed supplement contributions.

Effective January 1, 1981 the indexing process was changed. Cost of living supplement contributions by employee and employer were each increased from 0.5% to 1.6% of plan earnings. Supplements are to be added annually at each January 1, commencing January 1, 1982. Each supplement will continue to be related to the consumer price index

## BRITISH COLUMBIA HYDRO AND POWER AUTHORITY PENSION PLAN

## NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 1980

increase but it may be limited by the amount of funds available each year for the purpose. These funds are derived principally from the matching contributions and from annual interest earned on funds allocated to the Pensions in Payment account to the extent that it exceeds the interest thereon at the earned rate assumed by the actuary.

## 4. SEPARATION OF PASSENGER TRANSPORTATION EMPLOYEES

Urban passenger transportation services were transferred from British Columbia Hydro and Power Authority to Metro Transit Operating Company as of April 1, 1980. A total of approximately 3,000 employees are being transferred to the Metro Transit Operating Company at various dates between April 1, 1980 and June 5, 1981. Previously, interurban passenger transportation services were transferred to Pacific Coach Lines Limited.

The Lieutenant Governor in Council has issued regulations whereby the pension rights, including appropriate pension funds, are to be transferred from the fund to the Public Service Superannuation Fund. This transfer had not been finalized and thus no recognition of the transfer of fund assets has been made in the accompanying balance sheet at December 31, 1980.

## 5. OTHER INFORMATION

These financial statements show only the position of the Fund as at December 31, 1980 and the changes in the Fund balance for the year then ended and do not purport to show the adequacy of the Fund to meet the obligations of the Plan.

## BRITISH COLUMBIA HYDRO AND POWER AUTHORITY PENSION PLAN

## SCHEDULE NO. 1

## SUMMARY OF SECURITIES HELD AS AT DECEMBER 31, 1980

Description	Maturity	Coupon Per Cent	Yield Per Cent	Par Value	Book Value	Market Value	Accrued Interest
Government of Canada							
Province of B. C. Guaranty							
B. C. Hydro and Power Authority	Oct. 1, 2003	9.50	9.50	\$ 1,250,000	\$ 1,250,000	\$ 965,625	\$ 29,931
B. C. Hydro and Power Authority	Feb. 19, 1985	12.50	12.60	9,365,000	9,305,359	9,165,994	432,971
B. C. Hydro and Power Authority	Feb. 15, 1993	6.75	7.00	550,000	542,265	373,313	14,138
B. C. Hydro and Power Authority	Dec. 1, 1991	6.25	6.32	1,006,000	1,002,177	614,918	5,340
B. C. Hydro and Power Authority	Mar. 15, 1992	6.00	6.00	505,000	505,000	299,213	8,965
B. C. Hydro and Power Authority	Jul. 4, 1992	6.25	6.44	880,000	870,482	533,500	27,274
B. C. Hydro and Power Authority	Nov. 1, 1992	6.50	6.859	1,435,000	1,405,955	878,938	15,588
B. C. Hydro and Power Authority	Mar. 29, 1993	6.875	7.05	395,000	391,035	246,875	6,994
B. C. Hydro and Power Authority	Jun. 1, 1993	7.25	7.294	835,000	832,926	537,531	5,141
B. C. Hydro and Power Authority	Aug. 5, 1993	7.00	7.10	240,000	238,597	150,600	6,858
B. C. Hydro and Power Authority	Oct. 1, 1993	7.00	7.10	795,000	790,297	497,869	14,027
B. C. Hydro and Power Authority	Jun. 2, 1994	7.50	7.655	2,100,000	2,083,148	1,359,750	12,945
B. C. Hydro and Power Authority	Oct. 1, 1994	7.625	7.72	1,220,000	1,212,981	796,050	23,447
B. C. Hydro and Power Authority	Dec. 1, 1994	8.00	8.08	1,035,000	1,030,102	694,744	7,032
B. C. Hydro and Power Authority	Dec. 30, 1994	8.00	8.17	270,000	267,279	181,238	118
B. C. Hydro and Power Authority	Mar. 31, 1995	8.00	8.14	1,150,000	1,140,235	769,063	23,441
B. C. Hydro and Power Authority	Dec. 30, 1995	7.54	7.54	2,475,000	2,475,000	1,568,531	1,023
B. C. Hydro and Power Authority	Mar. 30, 1996	6.90	6.90	1,854,000	1,854,000	1,093,860	32,595
B. C. Hydro and Power Authority	Oct. 1, 1996	7.25	7.25	1,680,000	1,680,000	1,018,500	30,700
B. C. Hydro and Power Authority	Dec. 15, 1996	6.93	6.93	1,646,000	1,646,000	964,968	5,313
B. C. Hydro and Power Authority	Jun. 15, 1997	7.38	7.38	1,330,000	1,330,000	811,300	4,572
B. C. Hydro and Power Authority	Nov. 3, 1997	7.76	7.76	2,500,000	2,500,000	1,581,250	31,359
B. C. Hydro and Power Authority	Dec. 15, 1997	7.63	7.63	1,000,000	1,000,000	623,750	3,554
B. C. Hydro and Power Authority	Dec. 29, 1997	10.75	10.75	570,000	370,000	106,838	327
B. C. Hydro and Power Authority	Mar. 30, 1998	7.48	7.48	3,000,000	3,000,000	1,833,750	57,176
B. C. Hydro and Power Authority	Jul. 3, 1998	8.00	8.00	1,385,000	1,385,000	903,713	55,248
B. C. Hydro and Power Authority	Sept. 1, 1998	8.00	8.00	2,315,000	2,315,000	1,484,494	61,902
B. C. Hydro and Power Authority	Dec. 15, 1998	8.30	8.30	1,350,000	1,350,000	892,688	5,219
B. C. Hydro and Power Authority	Feb. 15, 1999	8.55	8.55	2,000,000	2,000,000	1,352,500	65,121



## BRITISH COLUMBIA HYDRO AND POWER AUTHORITY PENSION PLAN

## SCHEDULE NO. 1

## SUMMARY OF SECURITIES HELD AS AT DECEMBER 31, 1980

Description	Maturity	Coupon Per Cent	Yield Per Cent	Par Value	Book Value	Market Value	Accrued Interest
B. C. Hydro and Power Authority	Mar. 29, 1999	8.70	9.36	8,895,000	8,453,111	6,104,194	199,297
B. C. Hydro and Power Authority	May 15, 1999	9.45	9.45	2,300,000	2,300,000	1,687,625	27,988
B. C. Hydro and Power Authority	Oct. 15, 1999	10.40	10.40	2,200,000	2,200,000	1,754,500	48,894
B. C. Hydro and Power Authority	Jan. 2, 2000	10.00	10.00	1,188,000	1,188,000	914,760	59,563
B. C. Hydro and Power Authority	May 1, 2000	9.875	9.98	7,515,000	7,456,890	5,711,400	124,023
B. C. Hydro and Power Authority	Sept. 1, 2000	10.50	10.50	2,780,000	5,780,000	4,658,450	202,854
B. C. Hydro and Power Authority	Feb. 17, 2001	10.00	10.15	2,880,000	2,848,692	2,199,600	108,099
B. C. Hydro and Power Authority	Mar. 29, 2001	10.375	10.50	2,260,000	2,239,872	1,791,050	60,385
B. C. Hydro and Power Authority	Aug. 15, 2002	9.25	9.31	19,704,000	19,622,198	14,014,470	694,094
B. C. Hydro and Power Authority	Nov. 1, 2002	9.25	9.35	2,801,000	2,776,535	1,988,710	43,300
B. C. Hydro and Power Authority	Dec. 15, 2002	9.375	9.375	1,423,000	1,423,000	1,022,781	6,213
B. C. Hydro and Power Authority	Mar. 1, 2003	9.75	9.83	11,321,000	11,245,723	8,434,145	368,940
B. C. Hydro and Power Authority	Jul. 1, 2003	9.75	9.85	11,274,000	11,180,688	8,399,130	542,079
B. C. Hydro and Power Authority	Dec. 1, 2003	10.00	10.06	8,855,000	8,814,279	6,740,869	75,207
B. C. Hydro and Power Authority	Feb. 15, 2004	10.25	10.36	7,345,000	7,278,196	5,719,919	286,707
B. C. Hydro and Power Authority	Jun. 4, 2004	10.00	10.15	8,033,000	7,931,366	6,105,080	61,623
B. C. Hydro and Power Authority	Oct. 3, 2004	10.75	10.80	16,700,000	16,631,665	13,589,625	402,664
B. C. Hydro and Power Authority	Feb. 19, 2005	12.75	12.81	12,310,000	12,256,441	11,723,275	580,309
B. C. Hydro and Power Authority	June 12, 1996	11.75	12.00	12,606,000	12,565,055	11,109,038	81,162
B. C. Hydro and Power Authority	Mar. 30, 1997	7.08	7.26	1,600,000	1,600,000	974,000	58,239
B. C. Hydro and Power Authority	Jul. 15, 1997	7.45	7.08	1,870,000	1,870,000	1,105,638	33,734
B. C. Hydro and Power Authority	Sept. 1, 1998	8.00	7.45	610,000	610,000	374,388	21,166
B. C. Hydro and Power Authority	Nov. 1, 1998	8.00	8.00	35,000	35,000	22,531	936
B. C. Hydro and Power Authority	Nov. 1, 1998	8.125	8.125	1,700,000	1,700,000	1,107,125	23,084
B. C. Hydro and Power Authority	Oct. 15, 1999	10.36	10.36	1,360,000	1,360,000	1,082,900	53,656
B. C. Hydro and Power Authority	Jun. 19, 2000	9.75	9.80	1,850,000	1,842,798	1,394,438	6,424
B. C. Hydro and Power Authority	Nov. 3, 2000	10.50	10.50	3,000,000	3,000,000	2,407,500	50,918
B. C. Hydro and Power Authority	Jan. 15, 2001	10.40	10.40	3,535,000	3,535,000	2,819,163	171,230
B. C. Hydro and Power Authority	Sept. 20, 2001	9.75	9.94	13,025,000	12,876,023	9,785,031	358,366
B. C. School Districts Capital	Nov. 1, 1986	6.25	6.43	320,000	318,360	232,800	3,342
B. C. School Districts Capital	Dec. 15, 1987	6.875	6.90	220,000	219,793	158,950	704



## BRITISH COLUMBIA HYDRO AND POWER AUTHORITY PENSION PLAN

## SCHEDULE NO. 1

## SUMMARY OF SECURITIES HELD AS AT DECEMBER 31, 1980

Description	Maturity	Coupon Per Cent	Yield Per Cent	Par Value	Book Value	Market Value	Accrued Interest
B. C. School Districts Capital Financing Authority	Dec. 15, 1993	7.00	7.30	1,025,000	1,006,748	638,063	3,342
B. C. School Districts Capital Financing Authority	Aug. 1, 1990	8.08	8.08	870,000	870,000	636,188	29,467
B. C. School Districts Capital Financing Authority	Nov. 1, 1990	7.91	7.91	140,000	140,000	100,625	1,851
School District #46 (Sechelt)	Sept. 15, 1981	5.00	6.00	6,200	5,830	5,681	92
B. C. Regional Hospital Districts Financing Authority	Aug. 1, 1990	8.08	8.08	440,000	440,000	321,750	14,903
B. C. Regional Hospital Districts Financing Authority	Nov. 1, 1990	7.91	7.91	1,500,000	1,500,000	1,078,125	19,829
Village of Lillooet	Feb. 15, 1986	5.75	6.25	31,000	29,825	26,194	679
Buckhorn Improvement District	Jun. 1, 1998	7.84	7.84	60,000	60,000	37,650	398
Peachland Irrigation District	Jun. 1, 1998	7.84	7.84	270,000	270,000	169,425	1,798
Sandwich Waterworks District	Feb. 1, 1992	6.00	6.10	11,500	11,593	8,327	289
Province of Nova Scotia Guaranty Nova Scotia Power Commission	Feb. 22, 2002	9.25	9.85	500,000	475,434	346,875	16,726
Nova Scotia Power Commission	Jul. 21, 2002	9.25	9.40	1,945,000	1,853,901	1,349,344	80,837
Province of Ontario Guaranty Ontario Hydro-electric Power Commission	May 18, 2001	10.00	10.00	156,000	156,000	120,315	1,881
Ontario Hydro-electric Power Commission	Jan. 25, 2005	9.375	9.66	485,000	473,019	351,019	19,932
Province of Saskatchewan	Feb. 1, 2002	9.00	9.23	2,250,000	2,206,008	1,600,313	84,884
				<u>\$ 230,140,700</u>	<u>\$ 228,227,679</u>	<u>\$ 174,206,342</u>	<u>\$ 6,060,628</u>

(1) Fixed maturity bonds are shown at amortized value, serially maturing bonds are shown at cost.

(2) Accrued interest on investments \$6,422,505 as shown on the Balance Sheet, includes accrued interest on bank deposit notes \$361,877.

**BRITISH COLUMBIA POWER COMMISSION SUPERANNUATION FUND**

Province of  
British Columbia

Office of the  
Auditor General  
Province of British Columbia

8 Bastion Square  
Victoria  
British Columbia  
V8V 1X4

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**AUDITOR'S REPORT**

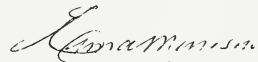
To the Directors, British Columbia Hydro and Power  
Authority, and

To the Provincial Secretary and Minister of Government  
Services, Province of British Columbia:

I have examined the statement of financial position of the  
British Columbia Power Commission Superannuation Fund as at  
31 December 1980 and the statement of changes in fund  
balance for the year then ended. My examination was made in  
accordance with generally accepted auditing standards, and  
accordingly included such tests and other procedures as I  
considered necessary in the circumstances.

I have relied upon information furnished by the Fund's  
Consulting Actuary as to the accuracy of Note 1 to the  
financial statements.

In my opinion, these financial statements present fairly the  
financial position of the Fund as at 31 December 1980 and  
the changes in its fund balance for the year then ended in  
accordance with generally accepted accounting principles  
applied on a basis consistent with that of the preceding  
year.

  
Erma Morrison, C.A.  
Auditor General

Victoria, British Columbia  
9 July 1981

EXHIBIT A

## BRITISH COLUMBIA POWER COMMISSION SUPERANNUATION FUND

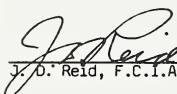
## STATEMENT OF FINANCIAL POSITION


AS AT DECEMBER 31, 1980

	<u>1980</u>	<u>1979</u>
ASSETS		
Cash and term deposits	\$ 1,670,136	\$ 505,393
Contributions receivable	40,875	42,583
Accrued interest on investments	420,698	412,821
Investments in bonds issued or guaranteed by Canada or a Province (Note 2)	22,523,367	22,491,964
	<u>\$ 24,655,076</u>	<u>\$ 23,452,761</u>
LIABILITY AND FUND BALANCE		
LIABILITY		
Accounts payable	\$ 24,986	\$ 13,980
FUND BALANCE (Exhibit B)		
Contributory Pensions Account - amount available for payment of pensions in force (Note 3)	7,050,761	6,312,907
Special Reserve Account (Note 1)	150,414	199,848
Undistributed Interest Account	5,471,646	4,536,370
Members and Employees Contributory Account	5,798,418	5,981,376
Members and Employees Voluntary Account	355,647	422,117
Employer Contributory Account	5,798,418	5,981,376
Unclaimed Monies Account	4,786	4,787
	<u>24,630,090</u>	<u>23,438,781</u>
	<u>\$ 24,655,076</u>	<u>\$ 23,452,761</u>

The four accompanying notes are an integral part of these financial statements.

APPROVED BY:

  
J. D. Reid, F.C.I.A., Superannuation Commissioner, Trustee

  
C. Webster, C.A., Comptroller, Superannuation Commission

## EXHIBIT B

## BRITISH COLUMBIA POWER COMMISSION SUPERANNUATION FUND

## STATEMENT OF CHANGES IN FUND BALANCE

FOR THE YEAR ENDED DECEMBER 31, 1980

	<u>1980</u>	<u>1979</u>
FUND BALANCE INCREASED BY:		
Employee contributions:		
Regular	\$ 75,967	\$ 72,933
Voluntary	6,753	6,692
Reinstatement	392	809
	<hr/> 83,112	<hr/> 80,434
Employer matching contributions	75,967	72,933
Net income from investments	1,983,496	1,828,396
Losses on sale of investments (Note 2)	-	(24,382)
	<hr/> 2,142,575	<hr/> 1,957,381
FUND BALANCE DECREASED BY:		
Superannuation allowance payments	717,308	682,396
Supplementary allowance payments (Note 3)	111,681	39,265
Refunds of contributions	50,536	82,325
Transfers to other funds	60,446	180,583
Administration expenses	11,295	8,437
	<hr/> 951,266	<hr/> 993,006
NET INCREASE IN FUND BALANCE	1,191,309	964,375
FUND BALANCE AT BEGINNING OF YEAR	23,438,781	22,474,406
FUND BALANCE AT END OF YEAR (Exhibit A)	<hr/> <u>\$ 24,630,090</u>	<hr/> <u>\$ 23,438,781</u>

## BRITISH COLUMBIA POWER COMMISSION SUPERANNUATION FUND

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1980

## 1. ACTUARIAL VALUATION

According to the regulations applicable to the Fund, an actuarial valuation of the sufficiency of the Special Reserve Account of the Fund is to be made by an Actuary every three years. The most recent valuation was carried out as at December 31, 1978. According to this valuation the Special Reserve Account had an actuarial surplus of about \$130,000 and the Contributory Pensions Account had an actuarial deficiency of \$110,118, which was funded in 1979 by transfer of \$110,118 plus interest from the Prepaid Undistributed Interest Account. No actuarial valuation of the assets and liabilities of the Fund is required as basic pension benefits are provided on a money purchase basis.

## 2. INVESTMENTS

Investments are carried at the lower of cost and par value. Premiums are written off in the year of acquisition. Discounts on single maturity bonds are amortized over the term of the bonds. Discounts on serial bonds are recognized as income as the serial redemptions occur. Investments held at the end of the year are as follows -

	1980	1979
	<u>\$</u>	<u>\$</u>
Book Value	22,523,366	22,491,964
Par Value	22,770,050	22,763,800
Market Value	15,496,990	16,923,435

The difference between the book value and market value of the investments is not considered to be a permanent reduction of the Fund balance available for payment of pension benefits and therefore has not been provided for as at December 31, 1980.

## 3. PRESENT VALUE OF PENSIONS IN FORCE

The present value of the 313 (281-1979) pensions in force as of December 31, 1980 is \$8,300,973 (\$6,311,658-1979). This amount has been calculated on a basis consistent with that of previous years, and now includes the present value of supplementary allowances, which are charged to Undistributed Interest Account.

## 4. ADDITIONAL INFORMATION

These statements show only the financial position of the Fund as at December 31, 1980 and the changes in Fund balance for the year then ended and do not purport to show the adequacy of the Fund to meet the obligations of the superannuation plan.

## BRITISH COLUMBIA POWER COMMISSION SUPERANNUATION FUND

## SCHEDULE 1

## SECURITIES HELD AS AT DECEMBER 31, 1980

	<u>Par Value</u>	<u>Book Value</u>	<u>Market Value</u>
Government of Canada	\$ 719,000	\$ 713,301	\$ 579,644
Guaranteed by the Province of British Columbia			
British Columbia Hydro and Power Authority	14,908,000	14,791,567	9,822,788
British Columbia Electric Co. Ltd.	85,000	83,677	56,206
British Columbia Power Commission	17,000	16,499	8,925
British Columbia Railway Company	2,630,000	2,621,698	1,828,950
British Columbia School District Serials	12,750	12,345	11,963
British Columbia School Districts Capital Financing Authority Serials	88,000	87,310	73,975
British Columbia School Districts Capital Financing Authority	635,000	634,755	457,381
British Columbia Regional Hospital Districts Financing Authority	895,000	886,720	603,319
British Columbia Municipal Serials	138,000	137,246	119,655
British Columbia Irrigation Districts Serials	58,500	58,500	45,489
Todd Hill Irrigation District	46,000	46,000	28,865
Coldwater Improvement District Serial	28,000	28,000	22,208
Beaver Creek Improvement District	150,000	150,000	114,375
British Columbia Water Works Districts Serials	60,800	60,595	45,727
Departure Bay Fire Protection District Serial	6,000	5,893	5,595
British Columbia Hospital Improvement District Serials	69,000	68,436	61,240
Guaranteed by the Province of Nova Scotia			
Nova Scotia Power	19,000	18,609	13,181
Guaranteed by the Province of Ontario			
Ontario Hydro	1,837,000	1,735,092	1,293,251
Province of Saskatchewan	<u>368,000</u>	<u>367,124</u>	<u>304,253</u>
	<u>\$ 22,770,050</u>	<u>\$ 22,523,367</u>	<u>\$ 15,496,990</u>

## WORKERS' COMPENSATION BOARD SUPERANNUATION FUND



Province of  
British Columbia

Office of the  
Auditor General  
Province of British Columbia

8 Bastion Square  
Victoria  
British Columbia  
V8V 1X4

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### AUDITOR'S REPORT

To the Directors, Workers' Compensation Board, and

To the Provincial Secretary and Minister of Government Services,  
Province of British Columbia:

I have examined the statement of financial position of the Workers' Compensation Board Superannuation Fund as at 31 March 1981 and the statement of changes in fund balance for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

I have relied upon information furnished by the Fund's Consulting Actuary as to the accuracy of Note 1 to the financial statements.

In my opinion, these financial statements present fairly the financial position of the Fund as at 31 March 1981 and the changes in its fund balance for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A handwritten signature in cursive script, reading "Erma Morrison".

Erma Morrison, C.A.  
Auditor General

Victoria, British Columbia  
9 July 1981

## EXHIBIT A

## WORKERS' COMPENSATION BOARD SUPERANNUATION FUND

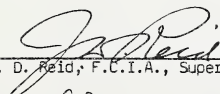
## STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 1981

	<u>1981</u>	<u>1980</u>
ASSETS		
Cash and short term deposit	\$ 794,628	\$ 322,662
Accrued interest	715,631	612,371
Investments in bonds and term deposits (Note 2)	27,731,483	23,657,707
	<u>\$ 29,241,742</u>	<u>\$ 24,592,740</u>
LIABILITY AND FUND BALANCE		
LIABILITY		
Prepayments and allowances payable	\$ 4,229	\$ 50,849
FUND BALANCE (Exhibit B)		
Contributory Pensions Account	7,460,180	6,797,295
Special Reserve Account	2,413,942	1,543,857
Members and Employees Contributory Account	9,593,352	7,985,339
Members and Employees Voluntary Account	176,687	230,061
Employer Contributory Account	9,593,352	7,985,339
	<u>29,237,513</u>	<u>24,541,891</u>
	<u>\$ 29,241,742</u>	<u>\$ 24,592,740</u>

The four accompanying notes are an integral part of these financial statements.

APPROVED BY:

  
 J. D. Reid, F.C.I.A., Superannuation Commissioner, Trustee

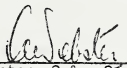
  
 C. Webster, C.A., Comptroller, Superannuation Branch



EXHIBIT B

## WORKERS' COMPENSATION BOARD SUPERANNUATION FUND

## STATEMENT OF CHANGES IN FUND BALANCE

FOR THE YEAR ENDED MARCH 31, 1981

	<u>1981</u>	<u>1980</u>
FUND BALANCE INCREASED BY:		
Member and employee contributions -		
Regular	\$ 1,990,786	\$ 1,606,324
Voluntary	15,521	25,268
Employer matching contributions -		
Regular	1,990,786	1,606,324
Transfers from other funds	96,389	-
Net income from investments	2,478,162	1,945,836
	<u>6,571,644</u>	<u>5,183,752</u>
FUND BALANCE DECREASED BY:		
Superannuation allowance payments -		
Contributory	1,018,905	865,578
Cost of living supplements	432,013	337,927
Refunds	425,104	419,104
Transfers to other funds	-	16,540
	<u>1,876,022</u>	<u>1,639,149</u>
NET INCREASE IN FUND BALANCE	4,695,622	3,544,603
FUND BALANCE AT BEGINNING OF YEAR	24,541,891	20,997,288
FUND BALANCE AT END OF YEAR (Exhibit A)	<u>\$ 29,237,513</u>	<u>\$ 24,541,891</u>

## WORKERS' COMPENSATION BOARD SUPERANNUATION FUND

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1981

## 1. ACTUARIAL VALUATION

There is no requirement in the Regulations of the Fund with respect to having an actuarial valuation performed. However, an actuarial valuation as of March 31, 1977 has been completed.

The valuation indicated an unfunded liability in respect of basic benefits of approximately \$4,477,000. This unfunded liability excludes any unfunded liability in respect of cost-of-living supplemental allowances.

With respect to the accounts within the Fund, the Actuary reported a deficiency in the amount available in the Contributory Pensions Account to meet the liability for pensions in force including supplements. In accordance with the Actuary's recommendation an amount of \$962,760 was transferred to the Contributory Pensions Account from the Reserve Account in the fiscal year ended March 31, 1978. The Actuary's further recommendations as to the funding of the Plan are under consideration by the Workers' Compensation Board.

## 2. INVESTMENTS

Investments held consist of bonds issued or guaranteed by Canada or a Province and issued by municipal authorities and term deposits in trust companies and a credit union.

Investments are carried at the lower of cost and par value. Premiums are written off in the year of acquisition. Discounts are recognized as income as redemptions occur. Investments held at the end of the fiscal year were as follows -

	1981	1980
	<u>\$</u>	<u>\$</u>
Book Value	27,731,483	23,657,707
Par Value	29,802,200	25,572,200
Market Value	22,049,866	18,253,609

The difference between the book value and market value of the investments is not considered to be a permanent reduction of the Fund balance available for payment of pension benefits and therefore has not been provided for as at March 31, 1981.

## 3. COST OF LIVING SUPPLEMENTARY ALLOWANCES

Payment of supplementary allowances, adjusted quarterly in relation to the cost of living index, commenced July 1, 1975. Financing of supplements by additional employee and employer contributions, each at the rate of 1/2% of salary, commenced June 1, 1976. The Regulations provide for a similar increase when the net accumulated payments again exceed 1% of the average annual total of contributory salaries.

## 4. ADDITIONAL INFORMATION

These financial statements show only the position of the Fund as at March 31, 1981 and the changes in Fund balance for the year then ended and do not purport to show the adequacy of the Fund to meet the obligations of the superannuation plan.

## WORKERS' COMPENSATION BOARD SUPERANNUATION FUND

## SCHEDULE 1

INVESTMENTS HELD AS AT MARCH 31, 1981

<u>Maturity</u>	<u>Date</u>	<u>Description</u>	<u>%</u>	<u>Par</u>	<u>Lower of Cost or Par</u>	<u>Market Value</u>
		<u>Government of Canada</u>				
		<u>Government of Canada</u>				
1983	Sep. 1	Government of Canada	4 1/2	\$ 212,000	\$ 203,880	\$ 174,158
				212,000	203,880	174,158
		<u>Government of Canada Guaranty</u>				
1985	Jan. 1	Canadian National Railway	5 3/4	50,000	49,250	39,000
1987	Oct. 1	Canadian National Railway	5	150,000	146,875	97,500
				200,000	196,125	136,500
		<u>Province of British Columbia Guaranty</u>				
		<u>British Columbia Hydro and Power Authority -</u>				
1982	Feb. 1	British Columbia Electric Co. Ltd.	5	25,000	23,750	22,906
1986	Aug. 1	British Columbia Electric Co. Ltd.	4 1/4	60,000	49,950	39,075
1986	Aug. 1	British Columbia Electric Co. Ltd.	4 3/4	175,000	161,937	117,031
1986	Aug. 1	British Columbia Electric Co. Ltd.	5	695,000	555,600	470,863
1986	Aug. 1	British Columbia Electric Co. Ltd.	5 1/2	979,000	826,055	681,629
1988	Jan. 2	British Columbia Electric Co. Ltd.	5 1/8	250,000	236,437	156,875
1989	Mar. 1	British Columbia Electric Co. Ltd.	5 1/2	125,000	116,538	87,344
1990	Apr. 1	British Columbia Electric Co. Ltd.	6 1/2	266,000	235,076	166,915
1991	May 1	British Columbia Electric Co. Ltd.	5 3/4	318,500	270,053	179,554
1982	May 1	British Columbia Hydro & Power Authority	5 1/4	196,000	174,097	180,320
1981	Apr. 18	British Columbia Hydro & Power Authority	5 3/4	1,563,700	1,226,171	881,536
1991	Dec. 1	British Columbia Hydro & Power Authority	6 1/4	596,000	492,429	344,190
1999	Jan. 15	British Columbia Hydro & Power Authority	9.45	342,000	342,000	237,690
2000	May 2	British Columbia Hydro & Power Authority	10	1,250,000	1,158,625	914,063
2001	Mar. 29	British Columbia Hydro & Power Authority	10 3/8	400,000	397,900	299,000
2011	Jan. 15	British Columbia Hydro & Power Authority	13.5	1,400,000	1,322,250	1,323,000
1982	Sep. 15	British Columbia Power Commission	5	50,000	46,875	44,750
1992	Sep. 15	British Columbia Power Commission	5	521,000	407,829	259,198

- 2 -

<u>Maturity</u>	<u>Date</u>	<u>Description</u>	<u>%</u>	<u>Par</u>	<u>Lower of Cost or Par</u>	<u>Market Value</u>
		British Columbia Railway Company -				
1987	Dec. 15	Pacific Great Eastern Railway	4 3/4	\$ 285,000	\$ 265,185	\$ 175,631
1991	Jun. 1	Pacific Great Eastern Railway	5 3/4	284,000	223,844	157,975
1991	Sep. 1	Pacific Great Eastern Railway	5 3/4	50,000	36,813	27,750
1992	Apr. 15	Pacific Great Eastern Railway	6	961,000	789,433	540,562
2001	Jan. 15	British Columbia Railway Company	10.40	150,000	150,000	112,875
		Greater Vancouver Regional District -				
1985	Dec. 1	Gr. Vancouver Water District	5 1/4	50,000	48,025	35,563
1986	Dec. 1	Gr. Vancouver Water District	5 1/4	50,000	47,985	33,375
1986	Apr. 1	Gr. Van. Sewerage & Drainage District	5 1/2	120,000	119,250	84,450
		Other Municipals -				
1981-86	May 1	City of Cranbrook	5 3/4	19,000	17,972	15,718
1981-82	Jul. 1	District of N. Campbell River WW	5	12,000	11,730	10,627
1981	Sep. 1	Lake Cowichan Hospital District #24	5 1/2	20,000	19,780	19,250
1981-82	Jul. 1	Saltair Waterworks District	5	23,000	21,131	22,436
1989	Jun. 1	Municipal Finance Authority of B.C.	8 1/8	20,000	17,176	14,200
1990	Jun. 1	Municipal Finance Authority of B.C.	8 1/8	20,000	17,088	13,850
1991	Jun. 1	Municipal Finance Authority of B.C.	8 1/8	20,000	17,010	13,525
1992	Jun. 1	Municipal Finance Authority of B.C.	8 1/8	20,000	16,874	12,925
1993	Jun. 1	Municipal Finance Authority of B.C.	9 7/8	525,000	525,000	372,094
1997	Dec. 1	Municipal Finance Authority of B.C.	9 7/8	200,000	199,000	137,000
1999	Dec. 6	Municipal Finance Authority of B.C.	12 1/4	1,000,000	1,000,000	856,750
		School Districts -				
1986	Nov. 1	B. C. School Dist. Capital Fin. Authority	6 1/4	1,380,000	1,193,202	984,975
				14,421,200	12,780,070	10,029,470
		Municipal				
1994	Dec. 16	City of Vancouver	10	100,000	97,500	72,375

Maturity	Date	Description	%	Par	Lower of Cost or Par	Market Value
1982-88	Jun. 15	Greater Vancouver Regional District - Gr. Vancouver Water District	5 1/4	\$ 62,000 162,000	\$ 59,133 156,633	\$ 43,628 116,003
<u>Term Deposits</u>						
1984	July 17	Compensation Employees Credit Union	10 1/2	150,000	150,000	131,062
1985	Jan. 11	Compensation Employees Credit Union	11 3/5	150,000	150,000	133,500
1985	May 16	Compensation Employees Credit Union	11 1/2	100,000	100,000	88,375
1981	Jun. 18	City Savings and Trust	10 1/2	150,000	150,000	146,437
1981	Sep. 8	City Savings and Trust	10 5/8	150,000	150,000	145,512
1981	Nov. 5	City Savings and Trust	10 3/8	400,000	400,000	383,000
1981	Dec. 9	Montreal Trust Company	9 3/4	250,000 1,350,000	250,000 1,350,000	237,813 1,265,499
<u>Other Provinces Including Guaranties</u>						
1999	Dec. 5	Province of Manitoba	10	100,000	98,500	72,875
2003	Dec. 21	Province of New Brunswick Guaranty New Brunswick Electric	10 1/4	300,000	295,500	217,125
1995	Dec. 15	Province of Newfoundland	10 3/4	225,000	217,312	173,813
1995	May 15	Province of Newfoundland	10 3/8	250,000	246,750	188,750
1997	Jun. 29	Province of Newfoundland	10 3/4	150,000	149,625	115,125
2001	Oct. 15	Province of Newfoundland Guaranties Newfoundland & Labrador Hydro	10 1/4	1,200,000	1,196,875	868,500
2002	May 9	Newfoundland & Labrador Hydro	10	1,125,000	954,937	794,531
2002	Sep. 28	Newfoundland & Labrador Hydro	10	350,000	347,375	247,188
<u>Province of Nova Scotia Guaranties</u>						
1998	Jul. 2	Nova Scotia Municipal Financing Corp.	12	140,000	138,474	119,000
1999	Jul. 2	Nova Scotia Municipal Financing Corp.	12	140,000	138,460	118,825
2000	Jul. 2	Nova Scotia Municipal Financing Corp.	12	140,000	138,432	118,475
2001	Mar. 1	Nova Scotia Power Commission	10	225,000	215,719	160,312
2002	Feb. 22	Nova Scotia Power Commission	9 1/4	400,000	381,500	284,500
2003	Jan. 10	Nova Scotia Power Commission	9 3/8	1,100,000	1,052,000	739,750

<u>Maturity</u>	<u>Date</u>	<u>Description</u>	<u>- 4 -</u> <u>%</u>	<u>Par</u>	<u>Lower of</u> <u>Cost or Par</u>	<u>Market</u> <u>Value</u>
1999	Jun. 14	Province of Ontario Guaranties	9 3/4	\$ 62,000	\$ 58,900	\$ 44,717
1999	Aug. 15	Hydro Electric Power Comm. of Ontario	10 1/4	100,000	99,125	75,125
2010	Mar. 25	Hydro Electric Power Comm. of Ontario	13.375	600,000	600,000	559,500
2010	May 14	Ontario Hydro	13.250	900,000	889,875	832,500
2001	Feb. 16	Province of Prince Edward Island	10 3/4	275,000	273,625	206,250
2002	Jul. 4	Province of Prince Edward Island	9 1/2	200,000	196,000	133,500
2003	Dec. 1	Province of Prince Edward Island	10 1/4	250,000	246,750	177,815
1999	Sep. 4	Province of Quebec	10 3/4	1,475,000	1,473,875	1,121,000
2003	May 15	Province of Quebec Guaranties		250,000	249,063	181,250
2003	Jul. 5	Quebec Hydro	10 1/4	750,000	745,463	530,625
2004	Mar. 27	Quebec Hydro	10 3/4	500,000	500,000	378,125
2004	Oct. 15	Quebec Hydro	11	1,200,000	1,110,640	927,000
2005	Sep. 30	Quebec Hydro	13.25	1,050,000	1,028,000	962,062
				13,457,000	13,044,775	10,328,236
				\$ 29,802,200	\$ 27,731,483	\$ 22,049,866

**PROVINCE OF BRITISH COLUMBIA**  
**TRUST FUNDS UNDER ADMINISTRATION**  
**SCHEDULE OF KEY ACTUARIAL ASSUMPTIONS**  
**MARCH 31, 1981**

Key Actuarial Assumptions	Public Service Superannuation as at March 31, 1980	Municipal Superannuation as at December 31, 1979	Teachers' Pension as at December 31, 1977
Salary growth .....	5½% per annum.	12½% in 1981, decreasing by 1½% per annum to 5½% for 1986 and after.	6½% in 1981 and 5½% per annum thereafter.
Interest rate on fund assets	7½% for 1980/81.	11½% in 1981, decreasing by 1% per annum to 6½% for 1986 and after.	6½% per annum.
Mortality—			
active employees .....	85% and 100% of the 1971 Group Annuity table for males and females respectively.	70% and 75% of the 1971 Group Annuity table for males and females respectively.	70% of the 1971 Group Annuity table.
other retired .....	Progressive Annuity Table without rating for males and rated down one year for females.	Progressive Annuity Table rated up one year for males and down one year for females.	Progressive Annuity Table rated down one year for both males and females.
Withdrawal .....	90% and 88% of the graduated select and ultimate experience respectively, using a three year select period.	Group 1—95% and 87% of the graduated select and ultimate experience, respectively, using a three year select period. Group 2—80% of the select and ultimate rates used for the previous valuation. Group 3—90% of the select and ultimate rates used for the previous valuation. Group 4—95% and 88% of the graduated select and ultimate experience respectively, using a three year select period.	100% of the graduated select experience, using a three year select period. Ultimate experience rates reduced to that used for inactive employees.
Retirement .....	Select and ultimate experience based on 1971–80 experience.	Select and ultimate experience using a modified three year select period.	Select and ultimate experience using a modified three year select period.
Retirement Age .....	50–65.	All ages.	55–65.

NOTE: No actuarial valuations are required of the Members of the Legislative Assembly and the British Columbia Power

## KEY ACTUARIAL ASSUMPTIONS

College Pension as at August 31, 1976	British Columbia Railway Company Pension as at December 31, 1978	British Columbia Hydro and Power Authority Pension as at December 31, 1979	Workers' Compensation Board Superannuation as at March 31, 1977
5½% per annum.	9½% per annum to 1982; 7% per annum 1983 to 1986; 4½% per annum, 1987 and after.	5½% per annum.	5½% per annum.
6½% per annum.	9% per annum to 1982; 7% per annum 1983 to 1986; 4½% per annum 1987 and after.	7½% per annum.	6½% per annum.
70% of the 1971 Group Annuity table.	1971 Male Group Annuity Mortality table for all members.	100% of the Annuity Table for 1949.	85% and 100% of the 1971 Group Annuity table for males and females respectively.
Progressive Annuity Table rated down one year for both males and females.		Annuity Table for 1949 without rating for males and females.	Progressive Annuity Table without rating for males and rated down one year for females.
100% of the graduated select experience, using a three year select period. Ultimate experience rates reduced to that used for inactive employees.		75% of observed termination, using a three year select period.	90% of the graduated select, and ultimate experience using a three year select period.
Graduated observed experience of B.C. teachers.	Graduated observed experience of B.C. Railway Company and other similar groups.	Graduated observed experience.	Graduated observed experience of B.C. Public Service.
55-65.	All ages.	60-65.	55-65.
Commission Superannuation Funds.			



## MISCELLANEOUS TRUST ACCOUNTS

### TRUST FUNDS—ASSETS

	1981 \$	1980 \$
Cash and short-term deposits .....		
—held in chartered banks .....	317,143,746	553,259,669
—held in general fund .....	97,989,129	79,040,648
Marketable securities .....	269,157,908	180,575,152
Other investments .....	1,352,861,219	1,237,569,488
Total cash and investments .....	<u>2,037,152,002</u>	<u>2,050,444,957</u>

### TRUST FUNDS—BALANCES

Trust deposits .....		
Courts .....	41,147,448	35,228,635
Intestate estates .....	27,172,001	21,786,756
Long-term disability fund .....		
—Public Service .....	16,246,722	10,335,222
Long-term disability fund .....		
—Crown corporations .....	3,443,582	2,283,435
Official Committee .....	47,212,557	32,855,355
Official Guardian .....	9,922,416	8,087,984
Other .....	29,794,871	366,559,474
	<u>174,939,597</u>	<u>477,136,861</u>
Sinking funds .....		
British Columbia Buildings Corporation .....	5,735,100	3,317,512
British Columbia Ferry Corporation .....	17,629,635	20,698,377
British Columbia Hydro and Power Authority .....	467,390,192	411,141,419
British Columbia Railway Company .....	139,229,543	118,431,893
British Columbia Regional Hospital Districts Financing Authority .....	90,910,745	70,087,999
British Columbia School Districts Capital Financing Authority .....	295,779,843	240,938,748
Greater Vancouver Sewerage and Drainage District .....	19,660,831	22,451,440
Other .....	9,445,599	7,573,489
	<u>1,045,781,488</u>	<u>894,640,877</u>
Miscellaneous .....		
Crop Insurance accounts .....	4,770,323	3,359,140
Land Registry Assurance Fund .....	904,770	874,040
Travels Agents Assurance Fund .....	550,869	390,630
Workers' Compensation Board, Accident Fund .....	810,204,955	674,043,409
	<u>816,430,917</u>	<u>678,667,219</u>
	<u>2,037,152,002</u>	<u>2,050,444,957</u>

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Victoria, 1981



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